

**Comprehensive Annual Financial Report**  
Year Ended June 30, 2005



**California Public Employees' Retirement System**  
A Component Unit of the State of California



# Value for Life

Weaving Your Retirement and Health Security

# Table of Contents

**Comprehensive Annual Financial Report**  
**California Public Employees' Retirement System**  
**Year Ended June 30, 2005**  
**Fred Buenrostro, Chief Executive Officer**



## **Introductory Section**

Chief Executive Officer's Letter of Transmittal	2
CalPERS Organizational Chart	6

## **Financial Section**

Report of Independent Accountants	8
-----------------------------------	---

## **Management's Discussion and Analysis** 10

### **Basic Financial Statements**

Statement of Fiduciary Net Assets	30
Statement of Changes in Fiduciary Net Assets	32
Statement of Changes in Asset and Liabilities — Agency Fund	33
Statement of Net Assets — Proprietary Funds	34
Statement of Revenues, Expenses, and Changes in Fund Net Assets — Proprietary Funds	35
Statement of Cash Flows — Proprietary Funds	36
Notes to the Basic Financial Statements	37

### **Required Supplemental Schedules**

Required Supplemental Schedule of Funding Progress	60
Required Supplemental Schedule of Employer Contributions	62
Notes to Required Supplemental Schedules	64
Required Supplemental Schedule of Claims Development Information	65

### **Supporting Schedules**

Administrative Expenses — All Funds	70
Investment Expenses — PERF	71
Investment Expenses — All Funds	73
Consultant and Professional Services Expenses — PERF	74

## **Investment Section**

Chief Investment Officer's Letter	78
Summary of Investments — PERF	79
Investment Performance — PERF	80
CalPERS Asset Allocations — PERF	81
Portfolio of California Investments at Market Value — PERF	82
Largest Stock and Bond Holdings at Market Value — PERF	84
Schedule of Commissions and Fees — PERF	85
Schedule of Fees and Costs for Private Equity Partners — PERF	88
Schedule of Fees and Costs for Absolute Return Strategies Program — PERF	90
Judges' Retirement Fund II — Investments	91
Legislators' Retirement Fund — Investments	92
Volunteer Firefighters' Fund — Investments	93

## Table of Contents (continued)

### Actuarial Section — Based on Actuarial Valuations as of June 30, 2005

CalPERS Actuarial Certification	96
CalPERS Actuarial Methods and Assumptions	97
Changes Since Prior Valuation	100
Summary of Funding Progress	101
Exhibit A - Funding Progress — Unfunded Liability and Funded Ratios	102
Exhibit B - Funding Progress — Solvency Test	104
Exhibit C - Sample Pay Increase Assumptions for Individual Members	107
Exhibit D - Sample Non-Economic Assumptions	109
Exhibit E - Single Life Retirement Values	118
Exhibit F - History of Member Salary Data	118
Exhibit G - Members in Valuation	119
Exhibit H - Schedule of Retirees and Beneficiaries Added to and Removed from Rolls	124
Actuarial Certifications — Other Systems	125

### Statistical Section

#### Retirement Programs

CalPERS Program Data	128
CalPERS Public Agency Employers	141
Judges' Retirement System Program Data	155
Judges' Retirement System II Program Data	157
Legislators' Retirement System Program Data	159
Volunteer Firefighters' Length of Service Award System Program Data	163

#### Other Programs

Health Benefits Program	166
Deferred Compensation Program	177
Long-Term Care Program	178

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

California

## Public Employees' Retirement System

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



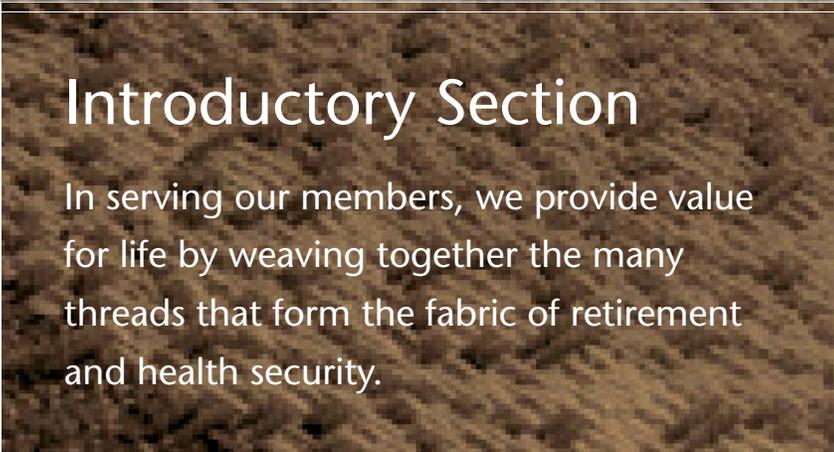
*Nancy L. Zjalla*

President

*Jeffrey R. Brown*

Executive Director

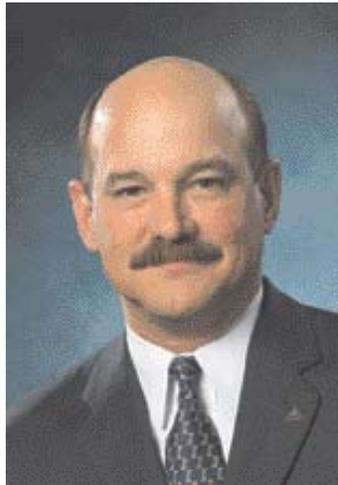




## Introductory Section

In serving our members, we provide value for life by weaving together the many threads that form the fabric of retirement and health security.

# CEO Letter of Transmittal



**Fred Buenrostro**  
**Chief Executive Officer**

December 16, 2005

**Member of the CalPERS Board of Administration:**

I am pleased to present the CalPERS Comprehensive Annual Financial Report (CAFR) and accompanying Operations Summary for the year ended June 30, 2005.

Fiscal year 2004-05 was a challenging year for our organization. We faced a serious threat to the continued survival of the defined benefit plan. We responded by becoming an educational resource for our members, policy makers, the general public, and shareowners. We also launched a number of initiatives to tackle employer pension cost volatility.

On the investment front, we worked diligently to create value for our members by managing assets against future liabilities. We exceeded our expectations without taking undue risk, realizing a 12.3 percent return for the fiscal year. Our involvement in corporate governance issues continued. We pressed strongly for an end to excessive executive compensation in corporate America, and we advocated majority voting procedures for corporate directors. We also launched a number of environmental and diversity investment initiatives that contributed to positive financial returns.

In addition, the many threads of our health benefit cost and quality strategic plan moderated premium increases. As a result of our efforts, members of our HMO plans experienced the lowest average premium increase since 1999, and those increases were significantly less than the national average. We continued to emphasize customer service, providing enhanced service options, and delivering efficient and effective service.

## CEO Letter of Transmittal (continued)

In fiscal year 2004-05 we made improvements to our overall operations by developing new and more efficient services and tools for our members and employers. We launched a new Office of Enterprise Compliance (OEC) to ensure that all our program areas comply with all applicable laws, regulations, and policies, allowing us to better protect our members' best interest.

In addition, we kept pace with technology for our business needs and resumed work on a corporate database to create one unified repository for housing all pension information needed by CalPERS and our business partners. Our new Pension System Resumption Project envisions CalPERS becoming a "virtual" pension system that uses the Internet as a primary channel for conducting business and processing transactions.

We also provided multiple channels for our members and employers to conduct business with us and developed new processes to achieve increased operational efficiencies and effectiveness in our services.

I want to thank all of our employees for the outstanding effort they put forth this year. I also want to thank our management team for their exceptional leadership, and our Board members for their guidance during these challenging times. I want to acknowledge the support we received from our employer partners and member groups, stakeholders, and the public who recognize the crucial role of public workers and their need for retirement and health security.

I encourage you to review the information in this report. It provides information on all the programs administered by CalPERS: Public Employees' Retirement Fund (PERF), Legislators' Retirement Fund (LRF), Judges' Retirement Fund (JRF), Judges' Retirement Fund II (JRF II), Volunteer Firefighters' Length of Service Award Fund (VFF), State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), Health Care Fund (HCF), Contingency Reserve Fund (CRF), Old Age & Survivors' Insurance Revolving Fund (OASI), Replacement Benefit Fund (RBF), Supplemental Contributions Program Fund (SCPF), Long-Term Care Fund (LTCF), Deferred Compensation Fund (DCF), and Public Agency Deferred Compensation Program (IRC 457).

Beginning in 1932, the System began providing services to State employees. In 1939, public agencies and school districts were allowed to contract with CalPERS to provide retirement benefits for their employees. While primarily responsible for administering retirement, death, and health benefits, CalPERS also administers supplemental retirement savings plans and long-term care insurance. As a service to members and employers, a variety of educational workshops and seminars are also offered.

### **Management Responsibility for Financial Reporting**

The CalPERS financial statements included in this CAFR for the 2004-05 fiscal year have been prepared by System management, which is responsible for the integrity and fairness of the data presented, including the many amounts that out of necessity must be based on estimates and judgments. The accounting policies followed in preparation of these financial statements conform with accounting principles generally accepted in the United States of America. Financial information presented throughout this Annual Report is consistent with these financial statements.

CalPERS has established and maintains a system of internal controls designed to provide reasonable assurance that assets are properly safeguarded, transactions are properly executed, and financial statements are reliable. In addition, internal audit personnel provide a continuing review of the internal controls and operations of CalPERS, and the Chief of the Office of Audit Services regularly reports to the CalPERS Board of Administration's Finance Committee. The Committee reviews the audit findings and recommendations for improvements in internal control and operational efficiency and the actions of management to implement such recommendations.

Our independent external auditors, Deloitte & Touche LLP, have conducted an audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America, performing such tests and other procedures as they deem necessary to express an opinion in their report to the Board. The external auditors also have full and unrestricted access to the Board to discuss their audit and related findings as to the integrity of the financial reporting and adequacy of internal control systems.

## CEO Letter of Transmittal (continued)

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CalPERS for our Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This was the eighth consecutive year that CalPERS has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

### The Comprehensive Annual Financial Report

#### *This report consists of five sections:*

**Introductory** — contains this introduction letter and our organizational chart. Summary program information is contained in the accompanying 2004-05 Comprehensive Annual Financial Report Operations Summary;

**Financial** — presents management's responsibility for financial reporting and the independent auditors' opinion on the CalPERS basic financial statements, management's discussion and analysis, and sections on required supplemental schedules and supporting schedules;

**Investment** — summarizes and presents performance information for the PERE, JRF, JRF II, LRF, and VFF;

**Actuarial** — contains the certifications and results of the actuarial valuations as of June 30, 2004, the latest data available;

**Statistical** — contains significant membership and retirement data for CalPERS, Judges' Retirement System, Judges' Retirement System II, Legislators' Retirement System, Volunteer Firefighters' Length of Service Award System, Health Benefits Program, Deferred Compensation Program, and Long-Term Care Program.

### Accounting System & Reports

Management is responsible for establishing and maintaining an internal control structure designed to ensure that CalPERS assets are protected from loss, theft, or misuse, and income is equally distributed. Responsibility for the accuracy, completeness, and fair presentation of the information, and all disclosures, rests with CalPERS. The basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The basic financial statements are presented in accordance with the Governmental Accounting Standards Board (GASB), including guidelines established by GASB Statement No. 25, Financial Reporting for Defined Benefit Plans, GASB Statement No. 26, Financial Reporting for Post Employment Health Care Plans Administered by Defined Benefit Plans, GASB Statement No. 34, Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments, and other GASB statements as appropriate.

GASB Statement No. 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The CalPERS MD&A can be found immediately following the report of the independent auditors.

## CEO Letter of Transmittal (continued)

### Investments

Proper funding and healthy long-term investment returns are essential to the financial soundness of CalPERS. The ratio of investment earnings to total revenue during the last 10 years is evidence of the System's continued solid financial management.

### Asset Allocation

An integral part of the overall investment policy is the strategic asset allocation policy. This is designed to provide an optimal mix of asset classes with return expectations that reflect expected liabilities. This emphasizes a maximum diversification of the portfolio that protects the Fund from declines that a particular asset class may experience in a given period. Both traditional assets (cash, bonds, domestic stocks, domestic fixed income, and mortgages) and nontraditional assets (real estate, international stocks and fixed income, venture capital, timber investments, and leveraged buyouts) are incorporated into the mix.

### Funding

The bottom line for a retirement system is its level of funding. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and the need for contributions will be reduced. Also, an adequate funding level gives participants assurance that their pension benefits are secure.

The historical level of funding for the PERF is good. As of June 30, 2004, the PERF is 87.3 percent funded. The advantages of a well-funded plan are that participants can see assets that are irrevocably committed to the payment of promised benefits, and employees and taxpayers can minimize their contributions in support of defined benefits. The required supplemental schedules to the basic financial statements and the actuarial section contain a summary of CalPERS unfunded actuarial accrued liabilities.

Investment returns are used to generate additional revenues and, ultimately, this allows CalPERS to reduce employer contribution rates, reducing pension costs to employers and taxpayers.

### In Closing...

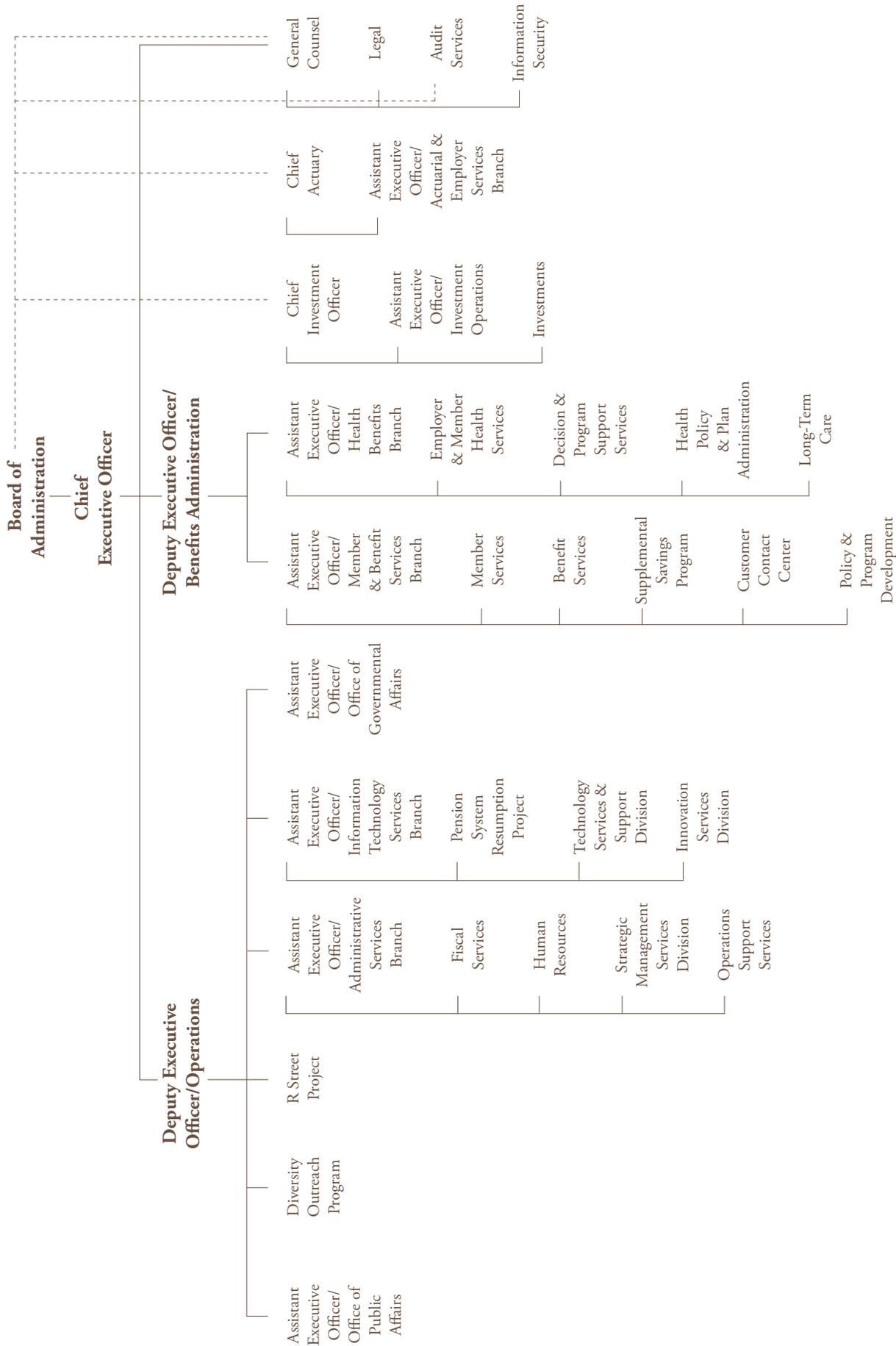
In the coming fiscal year we will continue to seek innovative ways to ensure that we are doing the best job for our members, minimizing costs to employers. We will do this by advancing our mission through responsible investments, active involvement in promoting corporate responsibility, tackling the drivers of escalating health care costs, and providing quality services to all who we serve.

The defined benefit pension system has been a vital strand in the retirement security of millions of California's public employees for nearly 75 years. We will vigorously oppose any attempts to threaten retirement security. As always, we are committed to protecting and advancing the financial and health security of the public workers who participate in the System.



Fred Buenrostro  
Chief Executive Officer

# CalPERS Organizational Chart



**Note:** A list of investment professionals who have provided services to CalPERS can be found on page 74.



## Financial Section

We are customer-focused, and our decision-making process is threaded by value and quality.



Deloitte & Touche LLP  
Suite 400  
2868 Prospect Park Drive  
Rancho Cordova, California  
95670-6065

Tel: (916) 288-3100  
Fax: (916) 288-3131  
[www.deloitte.com](http://www.deloitte.com)

## **Independent Auditors' Report**

**To the Board of Administration  
California Public Employees' Retirement System  
Sacramento, California**

We have audited the accompanying statement of fiduciary net assets of the fiduciary funds, and the statement of net assets of the proprietary funds, and the statement of changes in assets and liabilities of the agency fund of the California Public Employees' Retirement System ("the System"), a component unit of the State of California, as of June 30, 2005, and the related statement of changes in fund net assets of the fiduciary and proprietary funds and of cash flows for the proprietary funds for the year then ended. These basic financial statements are the responsibility of the management of the System. Our responsibility is to express an opinion on these basic financial statements based on our audits. The comparative totals as of and for the year ended June 30, 2004 presented in the basic financial statements are included for additional analysis only.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such basic financial statements referred to above present fairly, in all material respects, the fiduciary net assets of the fiduciary funds, the changes in assets and liabilities of the agency fund and the net assets of the proprietary funds of the System, as of June 30, 2005, and the related changes in fiduciary net assets and the operations and cash flows for the proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Report of Independent Accountants (continued)

As described in Note 5 to the basic financial statements, actual contributions to the Judges' Retirement Fund made by the State of California were materially less than the actuarially determined annual required contribution. Additionally, current year contributions made by the State of California were used to pay current year benefits. Management and legal counsel believe that the State of California is legally required to provide funding sufficient to pay benefits when due.

Management's Discussion and Analysis on pages 10 through 28 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board ("GASB"). This supplementary information is the responsibility of the System's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the System's basic financial statements. The supplemental information included in pages 59 through 67 is presented for purposes of additional analysis, as required by GASB, and is not a required part of the basic financial statements. This supplementary information is the responsibility of the System's management. Such information has been subjected to the auditing procedures applied by us in the audit of the 2005 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2005 basic financial statements taken as a whole. The required supplemental information for the years ended June 30, 2001, 2000, 1999, 1998 and 1997 was audited by other auditors in connection with their audits of the respective financial statements, on which they expressed an unqualified opinion. The supplemental information included in pages 69 through 76 is presented for purposes of additional analysis and is not a required part of the 2005 basic financial statements. This supplementary information is the responsibility of the System's management. Such additional information has been subjected to the auditing procedures applied by us in the audit of the 2005 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2005 basic financial statements taken as a whole.

Deloitte & Touche LLP  
Terry P. ...

November 16, 2005

# Management's Discussion and Analysis

This section presents management's discussion and analysis of the California Public Employees' Retirement System (CalPERS) financial performance during the fiscal year ended June 30, 2005, and is presented as a narrative overview and analysis in conjunction with the Chief Executive Officer's Letter of Transmittal included in the Introductory Section of the CalPERS Comprehensive Annual Financial Report. The Management's Discussion and Analysis should be read in conjunction with the basic financial statements of CalPERS, as presented in the Comprehensive Annual Financial Report.

In addition to the historical information, the Management's Discussion and Analysis includes certain forward-looking statements which involve certain risks and uncertainties. CalPERS actual results, performance, and achievements may differ materially from the results, performance, and achievements expressed or implied in such forward-looking statements, due to a wide range of factors including changes in interest rates, changes in the securities markets, general economic conditions, and legislative changes, as well as other factors.

CalPERS is primarily responsible for administering retirement and health benefits, as well as administering supplemental retirement savings plans. CalPERS comprises a total of 14 funds, including five defined benefit pension funds, four defined contribution pension funds, four proprietary funds, and an agency fund. The Public Employees' Retirement Fund (PERF) is the primary fund administered by CalPERS.

## Financial Highlights

### Public Employees' Retirement Fund (PERF)

---

- The net assets of the PERF increased by \$22.0 billion, or 13.1 percent. The increase was primarily due to strong returns in Real Estate and Private Equity investments.
  - The PERF net rate of return on investments of 12.3 percent on a market value basis was a decrease from the 16.6 percent rate of return in the prior fiscal year. Real Estate and Private Equity produced exceptional returns for the year, and when combined with solid returns in both the equity and fixed income, CalPERS investments achieved double-digit returns for the second year in a row. A positive return was earned in each of the CalPERS asset classes. The 12.3 percent net rate of return will not impact employer contribution rates until the 2006 fiscal year for the State and school employers and 2007 fiscal year for public agency employers.
  - As of June 30, 2004, the date of the most recent actuarial valuation, the PERF is actuarially funded at 87.3 percent, which is less than the June 30, 2003 87.7 percent funded level. The asset smoothing method only recognizes a portion of the total actuarial losses. Additional actuarial losses from fiscal years when CalPERS had negative investment returns were recognized in 2004-05 causing a slight decrease in the PERF funded ratio.
  - The PERF paid \$8.4 billion in retirement benefits to 425,094 annuitants during 2005, compared to \$7.6 billion paid to 413,272 annuitants during the 2004 fiscal year. Benefit payments increased primarily due to an increase in the number of new retirees and cost-of-living adjustments (COLA).
  - The total active/inactive membership was 1,016,982 at June 30, 2005. The PERF received \$3.2 billion in employee contributions from 789,195 active members and \$5.8 billion in employer contributions from 1,524 employers during fiscal year 2005, compared with \$2.3 billion and \$4.3 billion in employee and employer contributions respectively, in fiscal year 2004.
- Member contributions were \$910.3 million more than the prior fiscal year due to service credit purchases, increased contribution rates for certain employee categories and the end of a temporary cessation of State miscellaneous employee contributions. The increase in member contributions included \$727.7 million in service credit purchases. Although there was an increase in member contributions, a temporary cessation of State miscellaneous employee contributions was in place for the first three months of the fiscal year resulting in \$74 million in State miscellaneous employee contributions not made during the 2005 fiscal year, compared to \$225 million for the entire 2004 fiscal year. The absence of State miscellaneous employee contributions in the 2005 fiscal year will be incorporated into future actuarial calculations for that employer in accordance with the CalPERS Board of Administration's adopted amortization policies.

## Management's Discussion and Analysis (continued)

Additional financial information related to the other pension funds administered by CalPERS is included in the Financial Analysis Section of the Management's Discussion and Analysis.

### Health and Long-Term Care Programs

---

- The CalPERS self-funded health care program earned \$13.2 million from operations, and unrestricted net assets increased by \$23.2 million to \$295.0 million. This increase can be attributed to a decrease in expected level of claims, moving Medicare-eligible members from the Basic Plan to the Medicare plan and savings of \$18.0 million from pharmacy initiatives. Additionally, the self-funded plans had the lowest premium increase in six years.
- The unrestricted net assets of the CalPERS Long-Term Care Program amounted to a deficit of \$822.4 million at June 30, 2005. This is a deficit increase of \$556.2 million from the prior fiscal year deficit of \$266.2 million. The deficit increase is a result of recent years' investment income being less than actuarial expectations, an increase in liabilities due to significant growth of inflation-adjusted policies, an increase in claims experience, and an updated morbidity assumption based upon actual program experience.

### Critical Accounting Policies

CalPERS basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). CalPERS significant accounting policies are presented in Note 2 to the basic financial statements, which are included in this Comprehensive Annual Financial Report. CalPERS follows accounting policies to comply with various applicable laws and regulations and the guidelines as established by the Governmental Accounting Standards Board (GASB).

CalPERS most significant management accounting policies relate to the following.

### Investments

---

All investments are reported at fair value. Many factors are considered in arriving at fair value. The fair value of

investments in publicly held securities are generally based on actual market prices and quotations from major investment firms. In general, corporate bonds that do not have a published market price are valued based on yields currently available on comparable securities of issuers with similar credit ratings. The CalPERS Investment Office securities analysts or outside experts determine the criteria to identify comparable securities based on the size, industry, and profitability of the company offering the securities and the term, rate, and dollar amount of the security.

Mortgages are valued on the basis of the timing of future principal payments and the amount of interest payments discounted at prevailing interest rates for similar instruments. The prevailing interest rates for mortgages are generally based on the 30-year Treasury note rate, which can be found in financial publications. Market interest rate changes impact the likelihood of refinancing activity, which impacts the value of the mortgage investments. Declining interest rates will cause the value of mortgage investments to increase, but at a slower rate than non-callable similar duration securities.

The fair value of real estate investments, principally rental property subject to long-term net leases, is estimated based on independent appraisals. The appraisals are performed by CalPERS-approved appraisers who meet specific professional qualifications. Appraisals are estimates of current value and are based on three methods: the income approach, the cost approach, and the comparative sales approach. The three approaches are then compared and the appraiser determines the most appropriate valuation for the property. The appraisal process involves a significant amount of judgment and changes in the real estate marketplace are not immediately taken into consideration, as the appraisals are performed annually.

Short-term investments are reported at fair value, when available, or at cost plus accrued interest, when quoted market values are not available.

Alternative investments consist of investments in a variety of markets and industries through partnerships, co-investments, direct investments, and other investment vehicles. For these investments, and others where no readily ascertainable market value exists, management, in consultation with investment advisors, determined the fair

## Management's Discussion and Analysis (continued)

values for the individual investments. Management takes into consideration factors such as the book value, based on audited financial statements, the current and projected income generated by the investment, and the cost of the investment. These estimates are, by their nature, subjective and based on judgment. Hedge funds are valued at fair value.

CalPERS, through outside investment managers, holds investments in futures and options and enters into forward foreign currency exchange contracts. The fair value of futures, options, and forward foreign currency exchange contracts are determined based upon quoted market values.

CalPERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contract. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. Investment performance rates of return for asset classes and total funds are prepared using pre-audit asset data by Wilshire Associates. The returns are based solely on Wilshire Associates' compilation and analysis of the data as provided by the master custodian, State Street Bank.

### Actuarial Valuation

---

Actuarial valuations are used to determine the cost of pension benefits payable to the members of CalPERS who participate in the PERF, the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), and the Volunteer Firefighters' Length of Service Award Fund (VFF), as well as the related required contribution rates. The actuarial valuations include a number of significant assumptions including the actuarial valuation method used, the asset valuation method, the rate of return on the investment portfolio, rate of inflation, projected salary increases, post retirement benefits, and the life expectancy of members and beneficiaries. Significant actuarial assumptions used in the valuations are included in the Notes to the Required Supplemental Schedules on page 64.

### Estimated Liabilities

---

The Public Employees' Health Care Fund (HCF) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled, and

claims that have been incurred but not reported (IBNR). The estimated claims liability was calculated by the HCF's third-party administrator, using a variety of actuarial and statistical techniques, and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability is carried at its face amount, and no interest discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to the fiscal year end, but have not been reported to the HCF.

The Public Employees' Long-Term Care Fund (LTCF) estimates the required funding level to provide for the payment of future claim benefits. This estimate is predicated upon participation levels that are expected to be achieved by the program. The LTCF establishes the current liability for future benefits based on the present value of such future benefits and expenses, less the present value of expected future premiums.

An actuarial valuation establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The liability for future policy benefits was calculated by the Fund's actuary, using a variety of actuarial and statistical techniques.

### Overview of the Financial Statements

The Management's Discussion and Analysis provides an introduction to and overview of the CalPERS basic financial statements, which comprise the following components: fund financial statements, notes to the financial statements, required supplementary information, and other supplementary schedules. Collectively, this information presents the combined net assets held in trust for pension benefits and the combined unrestricted net assets for each of the funds administered by CalPERS as of June 30, 2005, and summarizes the combined changes in net assets held in trust for pension benefits, the combined changes in unrestricted net assets, and the cash flows of the proprietary funds for the year then ended, along with an actuarial view on the funding status of the defined benefit plans. The information available in each of these sections is briefly summarized as follows.

## Management's Discussion and Analysis (continued)

### Fund Financial Statements

---

At June 30, 2005, financial statements are presented for the two types of funds administered by CalPERS: fiduciary funds and proprietary funds.

**Fiduciary funds** — include pension trust funds. The defined benefit plans administered by CalPERS include the PERF, LRF, JRF, and JRF II. The defined contribution plans administered by CalPERS include the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Replacement Benefit Fund (RBF), and the Supplemental Contributions Program Fund (SCPF). The remaining fiduciary funds are the VFF, an award system, and the Old Age & Survivors' Insurance Revolving Fund (OASI). The fiduciary funds are used to account for resources held for the benefit of CalPERS participants. A statement of fiduciary net assets and a statement of changes in fiduciary net assets are presented for the fiduciary funds as of and for the year ended June 30, 2005, along with comparative total information as of and for the year ended June 30, 2004. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries as of year end, as well as the changes in those resources during the year.

**Proprietary funds** — include the following enterprise funds: the Public Employees' Health Care Fund (HCF), the Public Employees' Contingency Reserve Fund (CRF), the Public Employees' Long-Term Care Fund (LTCF), and the Public Employees' Deferred Compensation Fund (DCF). Proprietary funds are used to account for CalPERS business-type activities, where fees are charged to cover the costs of certain services, including long-term care, health care, and other benefits. A statement of net assets, a statement of revenues, expenses, and changes in fund net assets, and a statement of cash flows are presented for the proprietary funds as of June 30, 2005 and for the year then ended, along with comparative total information as of and for the year ended June 30, 2004. These financial statements reflect the net assets of, changes in net assets of, and cash flows from CalPERS business-type activities.

### Notes to the Basic Financial Statements

---

The financial statement notes provide additional information that is essential to a full understanding of the information provided in the fund financial statements. Information available in the notes to the financial statements is described below.

**Note 1** — provides a general description of CalPERS, as well as a concise description of each of the funds administered by CalPERS. Information regarding employer and member participation in the pension plans administered by CalPERS is also provided.

**Note 2** — provides a summary of significant accounting policies, including the basis of accounting for each of the fund types, investment accounting policies, management's use of estimates, information regarding the implementation of new accounting pronouncements, and other significant accounting policies.

**Note 3** — provides information on cash and cash equivalents.

**Note 4** — describes investments, including investing authority, investment risk categorizations, and additional information about cash, securities lending, and derivatives.

**Note 5** — provides information about employer contributions to the pension funds administered by CalPERS.

**Note 6** — provides information on commitments.

**Note 7** — provides information on potential contingencies of CalPERS.

**Note 8** — provides detailed information on the estimated claims liability of the HCF.

**Note 9** — provides information regarding the LTCF June 30, 2005 actuarial valuation.

# Management's Discussion and Analysis (continued)

## Required Supplementary Information

Because of the long-term nature of a public defined benefit pension plan, financial statements for the past year alone cannot provide sufficient information to properly reflect the funded position of the plan. Therefore, in addition to the basic financial statements, two required schedules of historical trend information related to the defined benefit plans are presented as part of the Required Supplementary Information (RSI) section of the basic financial statements. These two schedules are the Required Supplemental Schedule of Funding Progress and the Required Supplemental Schedule of Employer Contributions. These two schedules are based on the actuarial valuations performed by CalPERS actuaries, and provide additional actuarial information that contributes to the understanding of the changes in the actuarial funding of, and the funded status of, these defined benefit plans over the past 10 years. The actuarial information is based upon assumptions made about future events at the time the valuations were performed, and, therefore, the amounts presented are management's estimates. Also included as part of the RSI is the Required Supplemental Schedule of Claims Development Information for the HCF.

## Other Supplementary Schedules

Other schedules include detailed information on administrative expenses incurred by CalPERS-administered funds, as well as investment and other professional services expenses incurred.

## Financial Analysis of CalPERS Funds

### Public Employees' Retirement Fund (PERF)

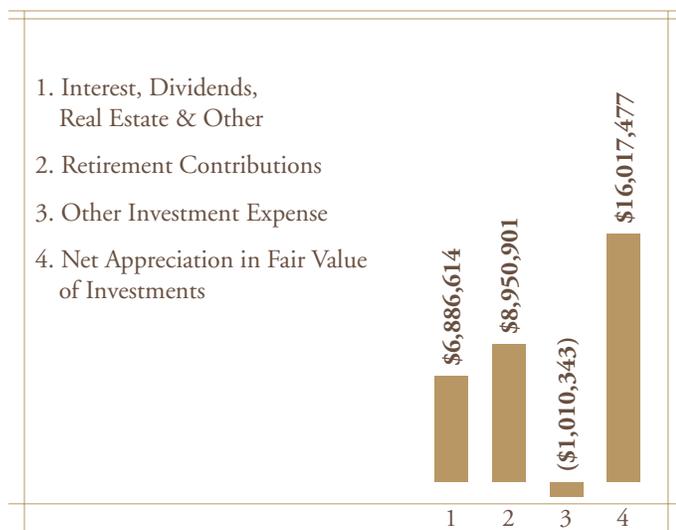
#### Plan Net Assets

The PERF provides retirement benefits to State of California and other California public agency employees. PERF benefits are funded by member and employer contributions and by earnings on investments. The PERF net assets held in trust for benefits at June 30, 2005 were \$189.6 billion, an increase of \$22.0 billion (13.1 percent) from \$167.6 billion at June 30, 2004.

Additions to PERF net assets held in trust for benefits include employer and member contributions, as well as investment income. For the 2005 fiscal year, employer and member contributions totaled \$8.9 billion, an increase of \$2.4 billion (36.9 percent) from the 2004 fiscal year. The increase in required contributions was due to the

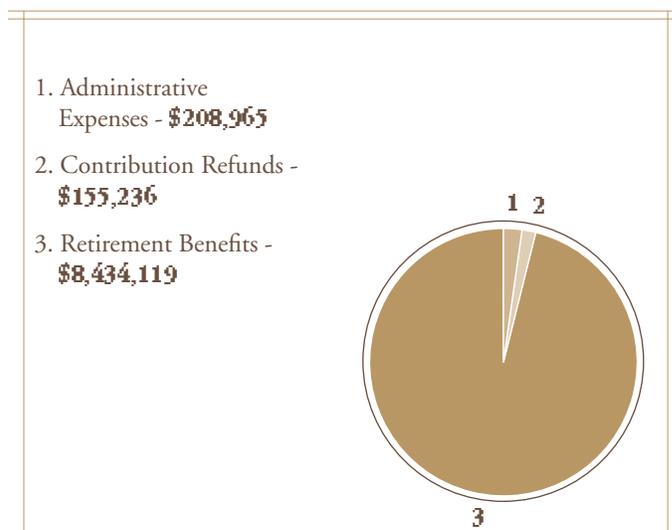
#### Additions — PERF

(Dollars in Thousands)



#### Deductions — PERF

(Dollars in Thousands)



## Management's Discussion and Analysis (continued)

### Net Assets — PERF

(Dollars in Thousands)

	2005	2004	Total Percentage Change
<b>Assets</b>			
Cash, Cash Equivalents & Total Receivables	\$5,399,361	\$3,448,909	56.6%
Investments	193,867,878	169,462,222	14.4
Securities/Lending Collateral	36,139,100	25,454,352	42.0
Capital Assets & Other	352,633	267,510	31.8
<b>Total Assets</b>	<b>\$235,758,972</b>	<b>\$198,632,993</b>	<b>18.7%</b>
<b>Liabilities</b>			
Retirement Benefits in Process of Payment, Investment Settlement & Other	\$9,988,991	\$5,594,542	78.5%
Liabilities to Brokers for Security Lending	36,139,100	25,454,352	42.0
<b>Total Liabilities</b>	<b>\$46,128,091</b>	<b>\$31,048,894</b>	<b>48.6%</b>
<b>Total Net Assets</b>	<b>\$189,630,881</b>	<b>\$167,584,099</b>	<b>13.2%<sup>1</sup></b>

### Changes in Net Assets — PERF

(Dollars in Thousands)

	2005	2004	Total Percentage Change
<b>Additions</b>			
Member Contributions	\$3,176,781	\$2,266,445	40.2%
Employer Contributions	5,774,120	4,261,347	35.5
Investment Income	21,893,728	24,265,850	(9.8)
Other	473	6,723	(93.0)
<b>Total Additions</b>	<b>\$30,845,102</b>	<b>\$30,800,365</b>	<b>0.1%</b>
<b>Deductions</b>			
Retirement Benefits	\$8,434,119	\$7,639,085	10.4%
Refund of Contributions	155,236	151,526	2.4
Administrative Expenses	208,965	188,361	10.9
<b>Total Deductions</b>	<b>\$8,798,320</b>	<b>\$7,978,972</b>	<b>10.3%</b>
<b>Increase in Net Assets</b>	<b>\$22,046,782</b>	<b>\$22,821,393</b>	<b>(3.4%)</b>

#### Note:

<sup>1</sup> This percentage change is different from comparable percentages presented on pages 10 and 14 due to use of rounded numbers.

## Management's Discussion and Analysis (continued)

recognition of additional actuarial losses from prior fiscal years when the PERF incurred negative investment returns and the end of the temporary cessation of certain State miscellaneous employee contributions. The PERF recognized net investment income of \$21.9 billion for the 2005 fiscal year, compared with a net investment income of \$24.3 billion for the 2004 fiscal year.

Deductions from PERF net assets held in trust for benefits consist primarily of retirement, death, and survivor benefits, refunds, and administrative expenses. For the 2005 fiscal year, retirement, death, and survivor benefits totaled \$8.4 billion, an increase of \$0.8 billion (10.5 percent) from the 2004 fiscal year. The increase in benefit payments was primarily a result of an increase in the number of retirees from 413,272 to 425,094 and COLA increases. For the 2005 fiscal year, the costs of administering the PERF benefits amounted to \$209.0 million, an increase of approximately \$20.6 million (10.9 percent) from the 2004 fiscal year due to the resumption of projects and increased operating costs.

On a per member and beneficiary basis, the cost of administering PERF benefits during the 2005 fiscal year was approximately \$145 per individual, an increase of approximately \$12 per individual from the 2004 fiscal year.

An actuarial valuation of PERF assets and benefit obligations is performed annually. At June 30, 2004, the date of the most recent actuarial valuation, the funded status of the PERF decreased to 87.3 percent from 87.7 percent at June 30, 2003. The amount by which PERF actuarial benefit liabilities exceeded actuarial assets was \$24.7 billion at June 30, 2004, compared with a \$22.3 billion funding

deficit at June 30, 2003. This decrease in funded status relates primarily to the recognition of additional actuarial losses from prior fiscal years when the PERF incurred negative investment returns.

Current year earnings will affect future years' funded status and contribution rates using the CalPERS policy of actuarial asset smoothing.

### *Investments*

PERF investments, excluding securities lending collateral, totaled \$193.8 billion at June 30, 2005, which was \$24.3 billion (14.3 percent) more than the \$169.5 billion in total PERF investments at June 30, 2004.

At June 30, 2005, the PERF held \$114.8 billion in domestic equity and international equity securities, an increase of \$12.3 billion from \$102.5 billion at fiscal year end 2004. The increase was mainly due to redeployment of cash generated by the selling of Real Estate investments and above average returns in international equity securities during 2005. Domestic equity and international equity securities earned returns of approximately 7.3 percent and 17.5 percent, respectively, for the 2005 fiscal year, compared to 20.9 percent and 29.0 percent, respectively for fiscal year 2004.

CalPERS benchmark returns for domestic and international equity securities for fiscal year 2005 were 7.6 percent and 16.9 percent, respectively. CalPERS uses the Wilshire 2500 Index to provide a benchmark for the domestic equity investment returns, and the PERS SSGA Custom Index for international equity investment returns. These benchmarks

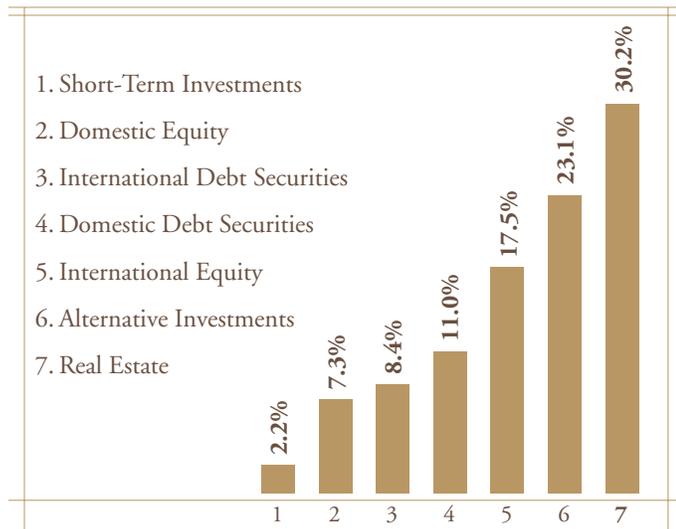
### Investments — PERF

(Dollars in Billions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
<b>Investment Class</b>					
Short-Term Investments	\$5.3	2.7%	2.2%	1.1%	2.0%
Domestic Equity	76.0	39.2	7.3	20.9	7.6
International Equity	38.8	20.0	17.5	29.0	16.9
Domestic Debt Securities	49.8	25.7	11.0	1.4	11.3
International Debt Securities	4.5	2.3	8.4	7.9	7.8
Real Estate	9.6	5.0	30.2	13.0	15.6
Alternative Investments	9.8	5.1	23.1	12.8	12.2
<b>Total or Overall Return</b>	<b>\$193.8</b>	<b>100.0%</b>	<b>12.3%</b>	<b>16.6%</b>	<b>12.7%</b>

## Management's Discussion and Analysis (continued)

### Investment Returns — PERF

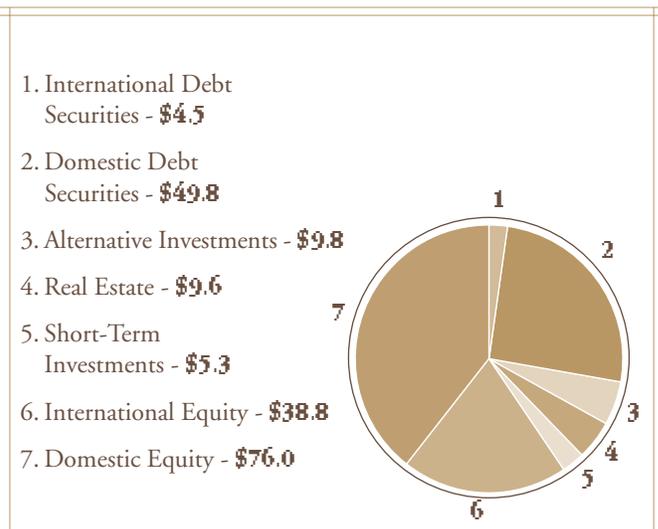


are representative of the returns that could be expected in a similar investing environment, and reflect the overall market conditions.

At June 30, 2005, the PERF held \$54.3 billion in domestic and international debt securities, an increase of \$11.3 billion from \$43.0 billion at fiscal year end 2004. Domestic debt securities returned approximately 11.0 percent, and international debt securities returned approximately 8.4 percent for the 2005 fiscal year, compared to the 1.4 percent and 7.9 percent, respectively for fiscal year 2004. CalPERS benchmark returns were 11.3 percent and 7.8 percent, respectively. CalPERS uses the Lehman Long Liability Index and the Lehman International Fixed Income Index to provide a benchmark for fixed income investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment.

At June 30, 2005, the PERF held \$9.6 billion in net real estate investments, a decrease of \$2.5 billion from \$12.1 billion at the 2004 fiscal year end. CalPERS took advantage of the near-record high valuations of some of its real estate holdings and sold them to other investor groups, locking in exceptional returns. Real estate investments returned approximately 30.2 percent for the 2005 fiscal year, compared to 13.0 percent for fiscal year 2004.

### Investment Portfolio — PERF at Market Value (Dollars in Billions)



**Note:**

Excludes \$36.1 billion in securities lending collateral.

CalPERS benchmark real estate return for fiscal year 2005 was 15.6 percent. CalPERS uses the NCREIF Property Index to provide a benchmark for our real estate investment returns.

At June 30, 2005, the PERF held \$9.8 billion in alternative investments, an increase of \$1.5 billion from \$8.3 billion at the 2004 fiscal year end. Alternative investments yielded a return of approximately 23.1 percent for the 2005 fiscal year, compared to 12.8 percent for fiscal year 2004.

CalPERS benchmark alternative investment return for fiscal year 2005 was 12.2 percent. CalPERS uses the Venture Economics Custom Young Fund Universe to provide a benchmark for alternative investments.

At June 30, 2005, the PERF held \$5.3 billion in short-term investments an increase of \$1.7 billion from the \$3.6 billion at the 2004 fiscal year end. Short-term investments returned approximately 2.2 percent for the 2005 fiscal year, compared to 1.1 percent for fiscal year 2004. CalPERS uses the SSGA custom STIF as a benchmark for short-term investments.

The PERF earned other investment income of \$1.3 billion for the 2005 fiscal year. Included in other investment income was \$1.2 billion from income earned in the Alternative Investment Management Program, \$0.1 billion

## Management's Discussion and Analysis (continued)

from securities litigation, sale of fractional shares, and other miscellaneous income.

The PERF earns additional investment income by lending investment securities. The borrowers provide collateral to the PERF that are valued in excess of the securities loaned. For the 2005 fiscal year, net securities lending income amounted to \$114.8 million, an increase of \$11.8 million (11.5 percent) from \$103.0 million during fiscal year 2004.

CalPERS participates in Directed Brokerage/Commission Recapture arrangements. The CalPERS Directed Brokerage Program had a balance of \$2.0 million at July 1, 2004. For fiscal year 2005, brokerage commissions that were rebated totaled \$6.7 million. Expenses in the amount of \$6.3 million were incurred to purchase analytical tools, advisory, and other research materials. The Directed Brokerage Program had a balance of approximately \$2.4 million at June 30, 2005. These amounts are recorded in the accompanying financial statements as of June 30, 2005 and 2004.

CalPERS participates in asset-based lending, in which secured debt is loaned to non-investment grade borrowers, primarily for working capital, acquisitions, turnarounds, growth financing, debtor-in-possession financing, exit financing, and corporate recapitalization/reorganizations. In exchange for these loan amounts, CalPERS receives interest and fees from the borrowers. At June 30, 2005, interest and fee income earned was \$7.8 million and outstanding commitments totaled \$517.7 million.

### Other Defined Benefit Pension Plans

#### Legislators' Retirement Fund (LRF)

##### *Plan Net Assets*

The LRF provides retirement benefits to California Legislators, Constitutional Officers, and Statutory Officers elected to office before November 7, 1990. The number of LRF members is declining as eligible incumbent Legislators leave office and are replaced by those ineligible to participate in the LRF.

The LRF net assets held in trust for benefits at June 30, 2005 totaled \$138.1 million, an increase of \$3.5 million (2.6 percent) from June 30, 2004.

Additions to LRF net assets held in trust for benefits were from investment income and contributions to repurchase military and prior year service credit. There were no actuarially determined annual required employer and member contributions for 2005. Net investment income increased \$1.5 million (13.5 percent) to a net investment gain of \$12.6 million for the 2005 fiscal year, from a net investment gain of \$11.1 million for the 2004 fiscal year, due mainly to strong returns earned in equity securities during 2005.

Deductions in LRF net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2005 fiscal year, these benefits increased \$0.7 million (9.9 percent) to \$7.8 million from \$7.1 million

#### Investments — LRF

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Domestic Equity	\$40.3	29.2%	6.0%	19.2%	5.9%
International Equity	13.2	9.6	14.1	33.1	13.7
Domestic Debt Securities	84.6	61.2	8.6	(0.2)	11.5
<b>Total or Overall Return</b>	<b>\$138.1</b>	<b>100.0%</b>	<b>8.8%</b>	<b>9.1%</b>	<b>10.3%</b>

## Management's Discussion and Analysis (continued)

in 2004. The increase was primarily due to additional one-time lump sum payments for refunds, death benefits, and adjustments. On a per member and beneficiary basis, the cost of administering LRF benefits during the 2005 fiscal year was approximately \$1,016 per individual, an increase of approximately \$136 per individual from the 2004 fiscal year due to increased direct expenses.

An actuarial valuation of LRF assets and benefit obligations is performed annually using the aggregate cost method, which does not identify unfunded actuarial liabilities. Based on the most recent actuarial valuation, performed as of June 30, 2004, the active member contribution rate for the 2006 fiscal year remains at zero percent.

### Investments

The LRF invests mainly in domestic and international equity securities, as well as domestic debt securities. LRF investments totaled \$138.1 million at June 30, 2005, which was \$3.8 million (2.8 percent) more than the \$134.3 million in total LRF investments at June 30, 2004, primarily as a result of strong equity markets during 2005.

At June 30, 2005, the LRF held \$53.5 million in domestic equity and international equity securities, a decrease of \$6.0 million from \$59.5 million at fiscal year end 2004. Domestic equity and international equity securities experienced returns of approximately 6.0 percent and 14.1 percent for fiscal year 2005 respectively, compared to

### Net Assets — Other Defined Benefit Pension Plan Funds

(Dollars in Thousands)

	LRF		JRF		JRF II		VFF	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Assets</b>								
Cash, Cash Equivalents & Receivables	\$906	\$986	\$12,215	\$7,458	\$2,908	\$2,580	\$423	\$433
Investments	138,063	134,337	5,195	65	172,068	126,809	4,940	2,401
<b>Total Assets</b>	<b>\$138,969</b>	<b>\$135,323</b>	<b>\$17,410</b>	<b>\$7,523</b>	<b>\$174,976</b>	<b>\$129,389</b>	<b>\$5,363</b>	<b>\$2,834</b>
<b>Total Liabilities</b>	<b>\$874</b>	<b>\$735</b>	<b>\$166</b>	<b>\$2,913</b>	<b>\$3,102</b>	<b>\$74</b>	<b>\$2,313</b>	<b>\$54</b>
<b>Total Net Assets</b>	<b>\$138,095</b>	<b>\$134,588</b>	<b>\$17,244</b>	<b>\$4,610</b>	<b>\$171,874</b>	<b>\$129,315</b>	<b>\$3,050</b>	<b>\$2,780</b>

### Changes in Net Assets — Other Defined Benefit Pension Plan Funds

(Dollars in Thousands)

	LRF		JRF		JRF II		VFF	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Additions</b>								
Member Contributions	\$20	\$56	\$10,417	\$11,262	\$8,217	\$8,131	\$—	\$—
Employer Contributions	—	—	127,078	107,318	21,195	18,240	211	223
Investment Income	12,575	11,094	234	59	14,816	13,431	241	252
Other Income	1	—	2,663	4,020	—	—	—	—
<b>Total Additions</b>	<b>\$12,596</b>	<b>\$11,150</b>	<b>\$140,392</b>	<b>\$122,659</b>	<b>\$44,228</b>	<b>\$39,802</b>	<b>\$452</b>	<b>\$475</b>
<b>Deductions</b>								
Retirement Benefits	\$7,792	\$7,051	\$126,609	\$121,604	\$904	\$584	\$82	\$59
Refund of Contributions	979	214	88	238	340	203	—	—
Administrative Expenses	318	281	1,061	719	425	414	100	169
<b>Total Deductions</b>	<b>\$9,089</b>	<b>\$7,546</b>	<b>\$127,758</b>	<b>\$122,561</b>	<b>\$1,669</b>	<b>\$1,201</b>	<b>\$182</b>	<b>\$228</b>
<b>Increase in Net Assets</b>	<b>\$3,507</b>	<b>\$3,604</b>	<b>\$12,634</b>	<b>\$98</b>	<b>\$42,559</b>	<b>\$38,601</b>	<b>\$270</b>	<b>\$247</b>

## Management's Discussion and Analysis (continued)

the 19.2 percent and 33.1 percent for fiscal year 2004. CalPERS benchmark returns for the fiscal year 2005 were 5.9 percent and 13.7 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index (net of dividends), to provide a benchmark for the equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment and reflect the overall market conditions.

At June 30, 2005, the LRF held \$84.6 million in domestic debt securities, an increase of \$9.8 million from \$74.8 million at fiscal year end 2004. Domestic debt securities returned 8.6 percent for fiscal year 2005, compared to a negative 0.2 percent for fiscal year 2004. CalPERS benchmark return for fiscal year 2005 was 11.5 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

### Judges' Retirement Fund (JRF)

#### *Plan Net Assets*

The JRF provides retirement benefits to California Supreme and Appellate Court Justices and Superior Court Judges. The JRF net assets held in trust for benefits at June 30, 2005 totaled \$17.2 million, an increase of \$12.6 million from June 30, 2004.

Additions to JRF net assets held in trust for benefits include employer, State of California, and member contributions, as well as investment income. For the 2005 fiscal year,

employer, State, and member contributions increased \$18.9 million (15.9 percent) to \$137.5 million, from \$118.6 million for the 2004 fiscal year, primarily as a result of an increase in the State's contribution. For the 2005 fiscal year, net investment income increased \$0.2 million (296.6 percent) from the 2004 fiscal year due mainly to higher average asset balances throughout the year.

Deductions in JRF net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2005 fiscal year, these benefits amounted to \$126.6 million, an increase of \$5.0 million (4.1 percent) from the 2004 fiscal year. The increase in benefit payments was mainly a result of a COLA and an increase in the number of JRF retirees and beneficiaries to 1,606 in the 2005 fiscal year from 1,558 in the 2004 fiscal year.

On a per member and beneficiary basis, the cost of administering JRF benefits during 2005 was approximately \$421 per individual, an increase of approximately \$138 per individual from fiscal year 2004 due to increased direct expenses.

The JRF is funded on a "pay-as-you-go" basis, where short-term investments, contributions received during the year, and a State General Fund augmentation are used to provide funding for benefit payments. This funding method is generally more expensive in the long term, as the fund does not have investment returns generated by a funded plan. Without the State General Fund augmentation, the JRF will not be able to pay the accumulated benefit payments due in 2006.

### Investments — JRF II

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$6.9	4.0%	2.4%	1.4%	N/A
Domestic Equity	56.2	32.7	6.0	19.2	5.9%
International Equity	30.9	18.0	14.0	32.6	13.7
Domestic Debt Securities	61.5	35.7	8.8	0.2	11.5
Real Estate	16.6	9.6	N/A	N/A	34.1
<b>Total or Overall Return</b>	<b>\$172.1</b>	<b>100.0%</b>	<b>9.7%</b>	<b>13.8%</b>	<b>8.6%</b>

## Management's Discussion and Analysis (continued)

### *Investments*

The JRF invests only in short-term securities. Total JRF investments were \$5.2 million at June 30, 2005, which was \$5.1 million more than the \$65,000 in total JRF investments at June 30, 2004. The increase in total JRF investments was primarily due to an increase in total contributions. Short-term investments returned approximately 2.4 percent for fiscal year 2005, compared with the 1.0 percent for fiscal year 2004.

### **Judges' Retirement Fund II (JRF II)**

---

#### *Plan Net Assets*

The JRF II provides retirement benefits to California Supreme and Appellate Court Justices, Superior Court Judges, and Municipal Court Judges first appointed or elected after November 9, 1994. The JRF II net assets held in trust for benefits at June 30, 2005 were \$171.9 million, an increase of \$42.6 million (32.9 percent) from June 30, 2004.

Additions to JRF II net assets held in trust for benefits include employer and member contributions, as well as investment income. Employer and member contributions increased \$3.0 million (11.4 percent), to \$29.4 million for the 2005 fiscal year, from \$26.4 million for the 2004 fiscal year, primarily as a result of a 8.4 percent increase in membership from 2004 to 2005. For the 2005 fiscal year, the JRF II earned net investment income of \$14.8 million, an increase in income of approximately \$1.4 million (10.4 percent) from the 2004 fiscal year net investment income of \$13.4 million, primarily due to increased dividends from equity investments as well as from stable earnings from fixed income investments.

Deductions in JRF II net assets held in trust for benefits are primarily composed of retirement, death, and survivor benefits. For the 2005 fiscal year, these benefits amounted to \$904,000, an increase of \$320,000 (54.8 percent) from the 2004 fiscal year.

On a per member and beneficiary basis, the cost of administering JRF II benefits during fiscal year 2005 was approximately \$561 per individual, a decrease of approximately \$34 per individual from fiscal year 2004 due to increased membership.

An actuarial valuation of the JRF II assets and benefit obligations is performed annually. At June 30, 2004, the date of the most recent actuarial valuation, the funded status of JRF II increased to 93.8 percent from 91.4 percent at June 30, 2003. At June 30, 2004, the JRF II actuarial benefit obligations exceeded its actuarial assets by approximately \$8.6 million, while the amount by which the JRF II actuarial benefit obligations exceeded its actuarial assets at June 30, 2003, was approximately \$9.0 million.

### *Investments*

The JRF II invests mainly in domestic and international equity securities and domestic debt securities. Total JRF II investments amounted to \$172.1 million (see table on previous page) at June 30, 2005, which was \$45.3 million (35.7 percent) more than the \$126.8 million at June 30, 2004. The increase in total JRF II investments was primarily due to the increase in contributions and membership, and positive investment returns during the 2005 fiscal year.

At June 30, 2005, the JRF II held \$87.1 million in domestic equity and international equity securities, an increase of \$13.3 million from \$73.8 million at fiscal year end 2004. Domestic equity and international equity securities experienced returns of approximately 6.0 percent and 14.0 percent for fiscal year 2005, compared to the 19.2 percent and 32.6 percent for fiscal year 2004. CalPERS benchmark returns for fiscal year 2005 were 5.9 percent and 13.7 percent, respectively. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market characteristics.

At June 30, 2005, the JRF II held \$61.5 million in domestic debt securities, an increase of \$12.9 million from \$48.6 million at fiscal year end 2004. Domestic debt securities returned approximately 8.8 percent for the 2005 fiscal year, compared to 0.2 percent for fiscal year 2004. CalPERS benchmark return for fiscal year 2005 was 11.5 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is

## Management's Discussion and Analysis (continued)

representative of the returns that could be expected in a similar investing environment.

At June 30, 2005, the JRF II held \$6.9 million in short-term investments, an increase of \$2.5 million from \$4.4 million at fiscal year end 2004. Short-term investments returned approximately 2.4 percent for fiscal year 2005, compared to 1.4 percent for fiscal year 2004.

### Volunteer Firefighters' Fund (VFF)

#### Plan Net Assets

The VFF provides monetary awards to volunteer firefighters. The VFF net assets held in trust for benefits at June 30, 2005 were \$3.1 million, an increase of approximately \$0.3 million (10.7 percent), from \$2.8 million at June 30, 2004.

Contribution revenues totaled \$211,000 for the 2005 fiscal year, a decrease of 5.4 percent from the 2004 fiscal year. Net investment income was \$241,000 for fiscal year 2005, a decrease in investment returns of 4.4 percent from the \$252,000 in net investment income for fiscal year 2004.

Deductions from VFF net assets held in trust include awards of \$82,000 for fiscal year 2005, an increase of 39.0 percent from the 2004 fiscal year, primarily due to more participants qualifying and taking awards earlier.

On a per member and beneficiary basis, the cost of administering the VFF benefits during fiscal year 2005 were approximately \$28 per individual, a decrease of approximately \$19 per individual from fiscal year 2004. The decrease was due to lower direct expenses.

An actuarial valuation of the VFF assets and benefit obligations is performed annually. At June 30, 2004, the date of the most recent actuarial valuation, the funded status of the VFF decreased to 84.4 percent from 86.9 percent at June 30, 2003. At June 30, 2004, the VFF actuarial benefit obligations exceeded its actuarial assets by \$550,000, compared to \$420,000 at June 30, 2003.

#### Investments

The VFF invests mainly in domestic equity securities, international equity securities, domestic debt securities, and real estate equities. Total VFF investments were \$4.9 million at June 30, 2005, which was \$2.4 million (96.0 percent) more than the \$2.5 million at June 30, 2004. The increase in total VFF investments was due primarily to an increase in short-term investments. Short-term investments increased due to an asset transfer at June 30, 2005.

At June 30, 2005, the VFF held \$865,000 in domestic equity securities, a decrease of \$535,000 from \$1.4 million at fiscal year end 2004. Domestic equity securities experienced returns of approximately 6.7 percent for fiscal year 2005, compared to a 19.2 percent for fiscal year 2004. CalPERS benchmark return for fiscal year 2005 was 5.9 percent. CalPERS uses the Custom S&P 500 Index to provide a benchmark for our equity investment returns. International equity securities and real estate equities were purchased late in the 2005 fiscal year and were not held long enough to provide an annual rate of return. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market characteristics.

#### Investments — VFF

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investment	\$2.3	46.9%	2.2%	N/A	N/A
Domestic Equity	0.9	18.4	6.7	19.2%	5.9%
International Equity	0.5	10.2	N/A	N/A	N/A
Domestic Debt Securities	0.9	18.4	10.1	0.3	11.5
Real Estate	0.3	6.1	25.3	N/A	34.1
<b>Total or Overall Return</b>	<b>\$4.9</b>	<b>100.0%</b>	<b>10.2%</b>	<b>11.9%</b>	<b>8.8%</b>

## Management's Discussion and Analysis (continued)

At June 30, 2005, the VFF held \$937,000 in domestic debt securities, an increase of \$76,000 from \$861,000 at fiscal year end 2004. Domestic debt securities returned approximately 10.1 percent for the 2005 fiscal year, compared to the 0.3 percent for fiscal year 2004. CalPERS benchmark return for fiscal year 2005 was 11.5 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment.

### Defined Contribution Pension Plans

#### State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF)

##### Plan Net Assets

The SPOFF provides supplemental retirement benefits to eligible safety employees. Net assets held in trust for pension benefits increased by \$51.4 million (27.2 percent) to \$240.6 million at June 30, 2005 from \$189.2 million at June 30, 2004.

#### Net Assets — Defined Contribution Pension Plan Funds

(Dollars in Thousands)

	SPOFF		IRC 457		RBF		SCPF	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Assets</b>								
Cash, Cash Equivalents & Receivables	\$3,544	\$3,190	\$1,768	\$1,013	\$22	\$30	\$35	\$48
Investments	237,151	186,139	441,981	370,218	676	466	20,551	20,339
<b>Total Assets</b>	<b>\$240,695</b>	<b>\$189,329</b>	<b>\$443,749</b>	<b>\$371,231</b>	<b>\$698</b>	<b>\$496</b>	<b>\$20,586</b>	<b>\$20,387</b>
<b>Total Liabilities</b>	<b>\$122</b>	<b>\$94</b>	<b>\$952</b>	<b>\$106</b>	<b>\$625</b>	<b>\$443</b>	<b>\$54</b>	<b>\$34</b>
<b>Total Net Assets</b>	<b>\$240,573</b>	<b>\$189,235</b>	<b>\$442,797</b>	<b>\$371,125</b>	<b>\$73</b>	<b>\$53</b>	<b>\$20,532</b>	<b>\$20,353</b>

#### Changes in Net Assets — Defined Contribution Pension Plan Funds

(Dollars in Thousands)

	SPOFF		IRC 457		RBF		SCPF	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Additions</b>								
Member Contributions	\$ —	\$ —	\$97,452	\$74,146	\$ —	\$ —	\$552	\$741
Employer Contributions	41,406	40,894	—	—	1,134	652	—	—
Investment Income	15,285	17,971	15,712	33,539	12	2	1,897	\$2,881
Other Income	—	—	11	3	—	—	—	—
<b>Total Additions</b>	<b>\$56,691</b>	<b>\$58,865</b>	<b>\$113,175</b>	<b>\$107,688</b>	<b>\$1,146</b>	<b>\$654</b>	<b>\$2,449</b>	<b>\$3,622</b>
<b>Deductions</b>								
Retirement Benefits	\$5,353	\$4,351	\$ —	\$ —	\$1,126	\$615	\$ —	\$ —
Administrative Expenses	—	—	—	—	—	—	76	66
Participant Withdrawals	—	—	41,503	16,131	—	—	2,194	1,631
<b>Total Deductions</b>	<b>\$5,353</b>	<b>\$4,351</b>	<b>\$41,503</b>	<b>\$16,131</b>	<b>\$1,126</b>	<b>\$615</b>	<b>\$2,270</b>	<b>\$1,697</b>
<b>Increase in Net Assets</b>	<b>\$51,338</b>	<b>\$54,514</b>	<b>\$71,672</b>	<b>\$91,557</b>	<b>\$20</b>	<b>\$39</b>	<b>\$179</b>	<b>\$1,925</b>

## Management's Discussion and Analysis (continued)

Contribution revenues were \$41.4 million for fiscal year 2005, an increase of 1.2 percent from fiscal year 2004. Net investment income was \$15.3 million for fiscal year 2005, representing a decrease in investment income of \$2.7 million from the \$18.0 million in net investment income for the 2004 fiscal year, due mainly to a lower appreciation in domestic equities and higher investment expenses.

SPOFF benefit expenses were \$5.4 million for the 2005 fiscal year, an increase of \$1.0 million (22.7 percent) from the 2004 fiscal year, due primarily to the increase in the number of benefit recipients in 2005.

### *Investments*

The SPOFF invests mainly in domestic equity securities. Total SPOFF investments were \$237.2 million at June 30, 2005, which was \$51.1 million (27.5 percent) more than the \$186.1 million in total SPOFF investments at June 30, 2004. Domestic equity securities experienced returns of approximately 8.0 percent for fiscal year 2005, compared to 12.3 percent for fiscal year 2004. CalPERS benchmark return for fiscal year 2005 was 8.1 percent. CalPERS uses a composite index to provide a benchmark for our domestic equity investment return.

### **Public Agency Deferred Compensation Plan (IRC 457)**

#### *Plan Net Assets*

The CalPERS Board is trustee for public agency participant assets in the IRC 457 deferred compensation program. Net assets held in trust for pension benefits at June 30, 2005 were \$442.8 million, an increase of \$71.7 million (19.3 percent), from \$371.1 million at June 30, 2004.

Additions to IRC 457 net assets consist of member contributions of \$97.5 million in fiscal year 2005 compared to \$74.1 million in 2004. The increase is primarily due to an increase in member participation from 17,332 at June 30, 2004 to 19,455 at June 30, 2005. Net investment income amounted to \$15.7 million for fiscal year 2005, representing a decrease in investment income of \$17.8 million from the \$33.5 million in net investment income for fiscal year 2004, due mainly to lower appreciation in investments and higher investment expenses.

Deductions from the IRC 457 net assets consist primarily of participant withdrawals of \$41.5 million, an increase of \$25.4 million from the prior fiscal year of \$16.1 million. The increase is due primarily to an increase in retiree withdrawals.

### *Investments*

The IRC 457 investments were \$442.0 million at June 30, 2005, which was \$71.8 million more than the \$370.2 million in total IRC 457 investments at June 30, 2004. IRC 457 asset allocation is participant directed.

At June 30, 2005, the IRC 457 held \$312.9 million in domestic and international equity securities, an increase of \$55.9 million from \$257.0 million at fiscal year end 2004.

At June 30, 2005, the IRC 457 held \$86.5 million in domestic debt securities, an increase of \$14.8 million from \$71.7 million at fiscal year end 2004.

At June 30, 2005, the IRC 457 held \$42.6 million in short-term investments, an increase of \$1.0 million from \$41.6 million at fiscal year end 2004.

### **Investments — SCPF**

(Dollars in Millions)

Investment Class	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
Short-Term Investments	\$0.5	2.4%	1.6%	1.0%	2.0%
Domestic Equity	10.5	51.2	6.0	19.2	5.9
International Equity	3.8	18.6	13.8	32.3	13.7
Domestic Debt Securities	5.8	27.8	13.8	0.5	13.9
<b>Total or Overall Return</b>	<b>\$20.6</b>	<b>100.0%</b>	<b>8.7%</b>	<b>16.4%</b>	<b>6.9%</b>

## Management's Discussion and Analysis (continued)

### Replacement Benefit Fund (RBF)

---

The RBF provides replacement retirement benefits to the small percentage of retired PERF members whose CalPERS retirement benefits earned are limited by Internal Revenue Code Section 415(b). Net assets held in trust for pension benefits increased by \$20,000 to \$73,000 at June 30, 2005, from \$53,000 at June 30, 2004.

Contribution revenues were \$1.1 million for the 2005 fiscal year, an increase of \$0.4 million from the 2004 fiscal year, primarily due to an increase in the number of retirees to 70 at June 30, 2005 from 40 at June 30, 2004.

The RBF incurred benefit expenses of \$1.1 million for the 2005 fiscal year, an increase of \$0.5 million from fiscal year 2004, primarily due to more members being eligible.

#### *Investments*

The RBF invests only in short-term securities. Total RBF investments were \$676,000 at June 30, 2005, which was \$210,000 more than the \$466,000 in total RBF investments at June 30, 2004. Short-term investments returned approximately 2.9 percent for fiscal year 2005, compared to 1.4 percent for fiscal year 2004.

### Supplemental Contributions Program Fund (SCPF)

---

The SCPF was established effective January 1, 2000 to provide supplemental retirement benefits to members of CalPERS and is entirely member funded. Net assets held in trust for pension benefits remained stable at \$20.5 million at June 30, 2005.

Contribution revenues were \$552,000 for the 2005 fiscal year, a decrease of 25.5 percent from the 2004 fiscal year, primarily due to more lump-sum payments being made in the 2004 fiscal year than in the 2005 fiscal year. Net investment income was \$1.9 million for fiscal year 2005, representing a decrease in investment income of \$1.0 million from \$2.9 million in net investment income for fiscal year 2004, primarily due to lower appreciation of investments in 2005.

For fiscal year 2005, participant withdrawals were \$2.2 million, an increase of \$0.6 million (37.5 percent) from fiscal year 2004.

#### *Investments*

The SCPF investments were \$20.6 million at June 30, 2005, which was \$0.3 million more than the \$20.3 million in total SCPF investments at June 30, 2004.

At June 30, 2005, the SCPF held \$14.3 million in domestic equity and international equity securities, a decrease of \$0.2 million from \$14.5 million at fiscal year end 2004. Domestic equity and international equity securities experienced returns of approximately 6.0 percent and 13.8 percent for fiscal year 2005, compared to the 19.2 percent and 32.3 percent for fiscal year 2004. CalPERS benchmark returns for fiscal year 2005 were 5.9 percent and 13.7 percent, respectively. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our equity investment returns.

At June 30, 2005, the SCPF held \$5.8 million in domestic debt securities, an increase of \$0.3 million from \$5.5 million at fiscal year end 2004. Domestic debt securities returned approximately 13.8 percent for fiscal year 2005, compared to 0.5 percent for fiscal year 2004. CalPERS benchmark return for fiscal year 2005 was 13.9 percent. CalPERS uses the Citigroup 1-10 Year Treasury as a benchmark for its domestic debt security investment returns.

At June 30, 2005, the SCPF held \$492,000 in short-term investments, an increase of \$144,000 from \$348,000 at fiscal year end 2004. Short-term investments returned approximately 1.6 percent for fiscal year 2005, which was an improvement over fiscal year 2004.

#### *Enterprise Funds*

### Employees' Health Care Fund (HCF)

---

#### *Plan Activity*

The HCF accounts for the activities of the CalPERS self-insured health care programs.

The self-insured health care programs incurred claims expenses of \$999.5 million for the 2005 fiscal year, an increase of 12.9 percent from the 2004 fiscal year, primarily due to increases in provider pricing, and increased benefit utilization. Premium revenues were \$1.1 billion for the 2005 fiscal year, an increase of 10.0 percent from the 2004

## Management's Discussion and Analysis (continued)

### Net Assets — Enterprise Funds

(Dollars in Thousands)

	HCF		CRF		LTCF		DCF	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Assets</b>								
Cash, Cash Equivalents								
& Receivables	\$45,744	\$39,919	\$99,720	\$100,336	\$17,670	\$19,220	\$1,421	\$364
Investments	426,528	386,467	154,393	137,234	1,597,011	1,232,519	1,525	2,996
<b>Total Assets</b>	<b>\$472,272</b>	<b>\$426,386</b>	<b>\$254,113</b>	<b>\$237,570</b>	<b>\$1,614,681</b>	<b>\$1,251,739</b>	<b>\$2,946</b>	<b>\$3,360</b>
<b>Total Liabilities</b>	<b>\$177,244</b>	<b>\$154,570</b>	<b>\$246,267</b>	<b>\$232,240</b>	<b>\$2,437,112</b>	<b>\$1,517,953</b>	<b>\$2,013</b>	<b>\$2,985</b>
<b>Total Unrestricted</b>								
<b>Net Assets (Deficit)</b>	<b>\$295,028</b>	<b>\$271,816</b>	<b>\$7,846</b>	<b>\$5,330</b>	<b>(\$822,431)</b>	<b>(\$266,214)</b>	<b>\$933</b>	<b>\$375</b>

### Changes in Net Assets — Enterprise Funds

(Dollars in Thousands)

	HCF		CRF		LTCF		DCF	
	2005	2004	2005	2004	2005	2004	2005	2004
<b>Revenues</b>								
Self Insurance Premiums	\$1,105,131	\$1,042,720	\$ —	\$ —	\$241,663	\$225,128	\$ —	\$ —
Health Care Premiums								
Collected	—	—	1,520,622	1,410,584	—	—	—	—
Investment Income	10,041	5,321	2,817	1,787	124,474	141,686	51	15
Administrative Fees								
& Other	—	—	16,808	16,218	—	—	1,722	918
<b>Total Revenues</b>	<b>\$1,115,172</b>	<b>\$1,048,041</b>	<b>\$1,540,247</b>	<b>\$1,428,589</b>	<b>\$366,137</b>	<b>\$366,814</b>	<b>\$1,773</b>	<b>\$933</b>
<b>Expenses</b>								
Claims Expense	\$999,530	\$885,500	\$ —	\$ —	\$65,369	\$53,022	\$ —	\$ —
Increase in Estimated								
Liabilities	26,528	960	—	—	840,700	585,000	—	—
Health Premiums								
Remitted	—	—	1,520,622	1,410,584	—	—	—	—
Administrative Expenses	65,902	58,182	17,109	15,384	16,285	15,305	1,215	864
<b>Total Expenses</b>	<b>\$1,091,960</b>	<b>\$944,642</b>	<b>\$1,537,731</b>	<b>\$1,425,968</b>	<b>\$922,354</b>	<b>\$653,327</b>	<b>\$1,215</b>	<b>\$864</b>
<b>Increase (Decrease) in</b>								
<b>Unrestricted Net Assets</b>	<b>\$23,212</b>	<b>\$103,399</b>	<b>\$2,516</b>	<b>\$2,621</b>	<b>(\$556,217)</b>	<b>(\$286,513)</b>	<b>\$558</b>	<b>\$69</b>

## Management's Discussion and Analysis (continued)

fiscal year, primarily as a result of premium rate increases and enrollment growth. Net investment income was \$10.0 million for the 2005 fiscal year, an increase of 88.7 percent from the 2004 fiscal year. As a result of the above, unrestricted net assets increased by \$23.2 million (8.5 percent) to \$295.0 million at June 30, 2005 due primarily to the increase in premium rates.

### *Investments*

Investments of the HCF at June 30, 2005 and 2004 include highly-liquid, short-term securities and domestic debt securities. Investments increased \$40.0 million from \$386.5 million at June 30, 2004 to \$426.5 million at June 30, 2005. The increase was due primarily to the increase in premium rates.

### Public Employees' Contingency Reserve Fund (CRF)

The CRF was established to fund administrative costs related to the CalPERS health care programs and to provide a contingency reserve for potential increases in future health care premium rates or health care benefit costs. The CRF also accounts for public agency health payments and remittances to contracted health care providers. Administrative fees earned by the CRF were \$16.8 million for the 2005 fiscal year, an increase of 3.7 percent from 2004 fiscal year of \$16.2 million. The increase was due mainly to a premium rate increase during the 2005 fiscal year. Net investment income was \$2.8 million for the 2005 fiscal year, an increase of 55.6 percent from the 2004 fiscal year. Unrestricted net assets increased by \$2.5 million (47.2 percent) to \$7.8 million at June 30, 2005.

Public agencies remitted \$1.5 billion for payments to contracted health care providers in fiscal year 2005. This is a 7.1 percent increase of \$0.1 billion over 2004, due to a premium rate increase.

### *Investments*

Investments of the CRF at June 30, 2005 and 2004 included only highly-liquid, short-term securities, as investment balances are used to fund operating cash flows. Investments increased \$17.2 million from \$137.2 million at June 30, 2004 to \$154.4 million at June 30, 2005.

### Public Employees' Long-Term Care Fund (LTCF)

The LTCF, which provides long-term care insurance to participating members, incurred claims expenses of \$65.4 million for the 2005 fiscal year, an increase of 23.4 percent from the 2004 fiscal year, due mainly to an increase in benefit utilization. Premium revenues were \$241.7 million for the 2005 fiscal year, an increase of 7.4 percent from the 2004 fiscal year, primarily due to a premium rate increase. Net investment income amounted to \$124.5 million for the 2005 fiscal year, a decrease in investment income of 12.1 percent from the \$141.7 million in net investment income for the 2004 fiscal year, due mainly to lower appreciation in investments in 2005. The unrestricted net assets of the CalPERS Long-Term Care Program decreased by \$556.2 million to a negative \$822.4 million during the 2005 fiscal year as a result of investment income in recent years being less than the actuarial expectations, and an increase in liabilities due to the significant growth of inflation-adjusted policies. The LTCF is in the process of reviewing its current policies and exploring different options to address the deficit.

### Investments — LTCF

(Dollars in Millions)

	Amount	Allocation	Current Year Return	Prior Year Return	Benchmark Return
<b>Investment Class</b>					
Domestic Equity	\$641.1	40.1%	6.0%	19.2%	5.9%
International Equity	298.6	18.8	13.8	32.6	13.7
Domestic Debt Securities	577.3	36.1	8.5	0.3	11.5
Real Estate	80.0	5.0	N/A	N/A	N/A
<b>Total or Overall Return</b>	<b>\$1,597.0</b>	<b>100.0%</b>	<b>8.6%</b>	<b>14.2%</b>	<b>7.9%</b>

## Management's Discussion and Analysis (continued)

### *Investments*

Total LTCF investments were \$1.6 billion at June 30, 2005, which was \$0.4 billion more than the \$1.2 billion in total LTCF investments at June 30, 2004.

At June 30, 2005, the LTCF held \$939.7 million in domestic equity and international equity securities, an increase of \$159.8 million from \$779.9 million at fiscal year end 2004. Domestic equity and international equity securities experienced returns of approximately 6.0 percent and 13.8 percent for the 2005 fiscal year, compared to the 19.2 percent and 32.6 percent for fiscal year 2004. CalPERS benchmark returns for fiscal year 2005 were 5.9 percent and 13.7 percent. CalPERS uses the Custom S&P 500 Index and MSCI EAFE Index to provide a benchmark for our domestic and international equity investment returns. These benchmarks are representative of the returns that could be expected in a similar investing environment, and reflect the overall market environment.

At June 30, 2005, the LTCF held \$577.3 million in domestic debt securities, an increase of \$124.7 million from \$452.6 million at fiscal year end 2004. Domestic debt securities returned approximately 8.5 percent, compared to 0.3 percent for fiscal year 2004. CalPERS benchmark return for fiscal year 2005 was 11.5 percent. CalPERS uses the Citigroup Large Pension Fund Index to provide a benchmark for our fixed income investment returns. This benchmark is representative of the returns that could be expected in a similar investing environment, and reflects the overall market environment.

### **Public Employees' Retirement System Deferred Compensation Fund (DCF)**

---

The purpose of the DCF is to maintain the financial records associated with the investment and administrative management services CalPERS offers to other governments' defined contribution plans. The fund recognizes as revenue fees charged other government clients for these services. The fund also records as expenses the costs incurred by CalPERS staff to support these services. Net income is retained in the fund balance to further expand the amount and types of deferred compensation plan management services. Fees are assessed to the State Savings Plus program to manage one plan option, and certain investment portfolios of the IRC 457 public agency program.

The DCF reported administrative and investment management revenues of \$1.8 million for the 2005 fiscal year, an increase of 100.0 percent from the 2004 fiscal year. Expenses necessary to support these services were \$1.2 million for the 2005 fiscal year, which was a 33.3 percent increase from the 2004 fiscal year. Net income in fiscal year 2005 from investment of the DCF fund balance was \$51,000, an increase of 240.0 percent from the 2004 fiscal year, due mainly to more fees earned. Unrestricted net assets increased by \$558,000 (148.8 percent) to \$933,000 at June 30, 2005.

### *Investments*

Investments of the DCF at June 30, 2005 and 2004 included only highly-liquid, short-term securities. Investments decreased \$1.5 million from \$3.0 million at June 30, 2004 to \$1.5 million at June 30, 2005.

### **Requests For Information**

This Financial Report is designed to provide a general overview of CalPERS finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling **888 CalPERS** (or **888-225-7377**).



# Basic Financial Statements

# Statement of Fiduciary Net Assets

As of June 30, 2005 (with Comparative Totals, as of June 30, 2004)

(Dollars in Thousands)

	Pension Trust Funds					
	PERF	LRF	JRF	JRF II	VFF	SPOFF
<b>Assets</b>						
<b>Cash &amp; Cash Equivalents</b>	<b>\$266,599</b>	<b>\$875</b>	<b>\$4</b>	<b>\$ —</b>	<b>\$34</b>	<b>\$1</b>
<b>Receivables</b>						
Member, Public Agency,						
State & School	\$1,497,879	\$24	\$12,007	\$2,823	\$374	\$3,532
Investment Sales & Other	2,866,067	—	—	—	—	—
Interest & Dividends	752,726	1	89	25	—	11
Due from Other Funds	6,507	6	115	60	15	—
Other	9,583	—	—	—	—	—
<b>Total Receivables</b>	<b>\$5,132,762</b>	<b>\$31</b>	<b>\$12,211</b>	<b>\$2,908</b>	<b>\$389</b>	<b>\$3,543</b>
<b>Investments, at Fair Value</b>						
Short-Term Investments:						
Domestic	\$4,016,875	\$ —	\$5,195	\$6,900	\$2,346	\$200
International	1,245,904	—	—	—	—	—
Securities Lending Collateral	36,139,100	—	—	—	—	—
Equity Securities:						
Domestic	76,043,988	40,272	—	56,188	865	236,951
International	38,794,230	13,177	—	30,928	504	—
Debt Securities:						
Domestic	49,824,120	84,614	—	61,450	937	—
International	4,516,658	—	—	—	—	—
Real Estate Equities:						
Debt on Real Estate Equities	(9,169,309)	—	—	—	—	—
Alternative Investments	9,848,966	—	—	—	—	—
<b>Total Investments</b>	<b>\$230,006,978</b>	<b>\$138,063</b>	<b>\$5,195</b>	<b>\$172,068</b>	<b>\$4,940</b>	<b>\$237,151</b>
<b>Capital Assets, at Cost, Net of Accumulated Depreciation &amp; Other Assets</b>						
<b>Total Assets</b>	<b>\$235,758,972</b>	<b>\$138,969</b>	<b>\$17,410</b>	<b>\$174,976</b>	<b>\$5,363</b>	<b>\$240,695</b>
<b>Liabilities</b>						
Retirement & Other Benefits in						
Process of Payment	\$748,887	\$657	\$131	\$72	\$7	\$ —
Investment Purchases & Other	8,719,450	—	—	—	—	—
Due to State of California	1,038	—	—	—	—	—
Liabilities to Brokers for						
Securities Lending	36,139,100	—	—	—	—	—
Due to Other Funds	196	27	—	—	18	—
Other	519,420	190	35	3,030	2,288	122
<b>Total Liabilities</b>	<b>\$46,128,091</b>	<b>\$874</b>	<b>\$166</b>	<b>\$3,102</b>	<b>\$2,313</b>	<b>\$122</b>
<b>Net Assets Held in Trust for Pension Benefits (see Required Supplemental Schedule of Funding Progress)</b>						
	<b>\$189,630,881</b>	<b>\$138,095</b>	<b>\$17,244</b>	<b>\$171,874</b>	<b>\$3,050</b>	<b>\$240,573</b>

The accompanying notes are an integral part of these financial statements.

# Statement of Fiduciary Net Assets (continued)

As of June 30, 2005 (with Comparative Totals, as of June 30, 2004)

(Dollars in Thousands)

Pension Trust Funds			Agency Fund	Totals	
IRC 457	RBF	SCPF	OASI	2005	2004
\$ —	\$ —	\$ —	\$6,062	\$273,575	\$319,632
\$ —	\$16	\$33	\$ —	\$1,516,688	\$1,101,519
—	—	—	—	2,866,067	1,375,875
610	6	2	—	753,470	662,673
—	—	—	—	6,703	7,430
1,158	—	—	—	10,741	3,809
<b>\$1,768</b>	<b>\$22</b>	<b>\$35</b>	<b>\$ —</b>	<b>\$5,153,669</b>	<b>\$3,151,306</b>
\$42,595	\$676	\$492	\$ —	\$4,075,279	\$3,037,940
—	—	—	—	1,245,904	572,409
—	—	—	—	36,139,100	25,454,352
296,813	—	10,487	—	76,685,564	69,441,354
16,108	—	3,817	—	38,858,764	33,656,580
86,465	—	5,755	—	50,063,341	38,414,468
—	—	—	—	4,516,658	4,778,873
—	—	—	—	18,763,336	21,669,726
—	—	—	—	(9,169,309)	(9,589,699)
—	—	—	—	9,848,966	8,321,345
<b>\$441,981</b>	<b>\$676</b>	<b>\$20,551</b>	<b>\$ —</b>	<b>\$231,027,603</b>	<b>\$195,757,348</b>
\$ —	\$ —	\$ —	\$ —	<b>\$352,633</b>	<b>\$267,510</b>
<b>\$443,749</b>	<b>\$698</b>	<b>\$20,586</b>	<b>\$6,062</b>	<b>\$236,807,480</b>	<b>\$199,495,796</b>
\$ —	\$ —	\$35	\$ —	\$749,789	\$671,093
—	—	—	—	8,719,450	4,924,194
—	—	—	5,967	7,005	—
—	—	—	—	36,139,100	25,454,352
—	—	—	95	336	502
952	625	19	—	526,681	9,497
<b>\$952</b>	<b>\$625</b>	<b>\$54</b>	<b>\$6,062</b>	<b>\$46,142,361</b>	<b>\$31,059,638</b>
<b>\$442,797</b>	<b>\$73</b>	<b>\$20,532</b>	<b>\$ —</b>	<b>\$190,665,119</b>	<b>\$168,436,158</b>

The accompanying notes are an integral part of these financial statements.

# Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2005 (with Comparative Totals for the Year Ended June 30, 2004)

(Dollars in Thousands)

	Pension Trust Funds									Totals	
	PERF	LRF	JRF	JRF II	VFF	SPOFF	IRC 457	RBF	SCPF	2005	2004
<b>Additions</b>											
<b>Retirement Contributions</b>											
Members	\$3,176,781	\$20	\$10,417	\$8,217	\$—	\$—	\$97,452	\$—	\$552	\$3,293,439	\$2,360,781
Employers	5,774,120	—	12,038	21,195	211	41,406	—	1,134	—	5,850,104	4,333,372
Appropriation from the State of California General Fund	—	—	115,040	—	—	—	—	—	—	115,040	95,302
<b>Total Retirement Contributions</b>	<b>\$8,950,901</b>	<b>\$20</b>	<b>\$137,495</b>	<b>\$29,412</b>	<b>\$211</b>	<b>\$41,406</b>	<b>\$97,452</b>	<b>\$1,134</b>	<b>\$552</b>	<b>\$9,258,583</b>	<b>\$6,789,455</b>
<b>Investment Income</b>											
Net Appreciation (Depreciation) in Fair Value of Investments											
Value of Investments	\$16,017,457	\$11,920	\$—	\$14,378	\$229	\$16,573	\$11,695	\$—	\$1,888	\$16,074,140	\$18,549,205
Interest	2,167,640	655	234	103	—	31	4,279	12	9	2,172,963	1,975,109
Dividends	2,411,632	—	—	335	12	—	78	—	—	2,412,057	1,877,755
Real Estate	1,930,707	—	—	—	—	—	—	—	—	1,930,707	1,822,061
Other Income	1,312,779	—	—	—	—	—	1,453	—	—	1,314,232	1,388,584
Securities Lending Income	806,081	—	—	—	—	—	—	—	—	806,081	374,494
Less Investment Expenses:											
Costs of Lending	(691,316)	—	—	—	—	—	—	—	—	(691,316)	(271,460)
Real Estate	(1,050,909)	—	—	—	—	—	—	—	—	(1,050,909)	(979,453)
Other	(1,010,343)	—	—	—	—	(1,319)	(1,793)	—	—	(1,013,455)	(391,216)
<b>Net Investment Income</b>	<b>\$21,893,728</b>	<b>\$12,575</b>	<b>\$234</b>	<b>\$14,816</b>	<b>\$241</b>	<b>\$15,285</b>	<b>\$15,712</b>	<b>\$12</b>	<b>\$1,897</b>	<b>\$21,954,500</b>	<b>\$24,345,079</b>
<b>Other Income</b>	<b>\$473</b>	<b>\$1</b>	<b>\$2,663</b>	<b>\$—</b>	<b>\$—</b>	<b>\$—</b>	<b>\$11</b>	<b>\$—</b>	<b>\$—</b>	<b>\$3,148</b>	<b>\$10,746</b>
<b>Total Additions</b>	<b>\$30,845,102</b>	<b>\$12,596</b>	<b>\$140,392</b>	<b>\$44,228</b>	<b>\$452</b>	<b>\$56,691</b>	<b>\$113,175</b>	<b>\$1,146</b>	<b>\$2,449</b>	<b>\$31,216,231</b>	<b>\$31,145,280</b>
<b>Deductions</b>											
Retirement, Death & Survivor Benefits											
Survivor Benefits	\$8,434,119	\$7,792	\$126,609	\$904	\$82	\$5,353	\$—	\$1,126	\$—	\$8,575,985	\$7,773,349
Refund of Contributions	155,236	979	88	340	—	—	—	—	—	156,643	152,181
Administrative Expenses	208,965	318	1,061	425	100	—	—	—	76	210,945	190,010
Participant Withdrawals	—	—	—	—	—	—	41,503	—	2,194	43,697	17,762
<b>Total Deductions</b>	<b>\$8,798,320</b>	<b>\$9,089</b>	<b>\$127,758</b>	<b>\$1,669</b>	<b>\$182</b>	<b>\$5,353</b>	<b>\$41,503</b>	<b>\$1,126</b>	<b>\$2,270</b>	<b>\$8,987,270</b>	<b>\$8,133,302</b>
<b>Increase in Net Assets</b>	<b>\$22,046,782</b>	<b>\$3,507</b>	<b>\$12,634</b>	<b>\$42,559</b>	<b>\$270</b>	<b>\$51,338</b>	<b>\$71,672</b>	<b>\$20</b>	<b>\$179</b>	<b>\$22,228,961</b>	<b>\$23,011,978</b>
<b>Net Assets Held in Trust for Pension Benefits</b>											
<b>Beginning of Year</b>	<b>\$167,584,099</b>	<b>\$134,588</b>	<b>\$4,610</b>	<b>\$129,315</b>	<b>\$2,780</b>	<b>\$189,235</b>	<b>\$371,125</b>	<b>\$53</b>	<b>\$20,353</b>	<b>\$168,436,158</b>	<b>\$145,424,180</b>
<b>End of Year</b>	<b>\$189,630,881</b>	<b>\$138,095</b>	<b>\$17,244</b>	<b>\$171,874</b>	<b>\$3,050</b>	<b>\$240,573</b>	<b>\$442,797</b>	<b>\$73</b>	<b>\$20,532</b>	<b>\$190,665,119</b>	<b>\$168,436,158</b>

The accompanying notes are an integral part of these financial statements.

# Statement of Changes in Assets and Liabilities — Agency Fund

For the Year Ended June 30, 2005

(Dollars in Thousands)

	OASI			Balance June 30, 2005
	Balance June 30, 2004	Additions	Deductions	
<b>Assets</b>				
Cash Held by State Treasurer	\$6,291	\$ —	\$229	\$6,062
<b>Total Assets</b>	<b>\$6,291</b>	<b>\$ —</b>	<b>\$229</b>	<b>\$6,062</b>
<b>Liabilities</b>				
Due to State of California General Fund	\$20	\$ —	\$ —	\$20
Contributions Due to Public Agencies	6,061	—	114	5,947
Due to Other Funds	210	—	115	95
<b>Total Liabilities</b>	<b>\$6,291</b>	<b>\$ —</b>	<b>\$229</b>	<b>\$6,062</b>

The accompanying notes are an integral part of these financial statements.

# Statement of Net Assets — Proprietary Funds

As of June 30, 2005 (with Comparative Totals, as of June 30, 2004)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2005	2004
<b>Assets</b>						
<b>Current Assets</b>						
<b>Cash &amp; Cash Equivalents</b>	\$533	\$1,011	\$330	\$ —	\$1,874	\$8,835
<b>Receivables</b>						
Member, Public Agency, State & School	2,962	97,785	17,335	—	118,082	113,422
Interest & Dividends	2,876	924	5	4	3,809	1,704
Management Fees	—	—	—	1,417	1,417	363
Due from Other Funds	39,373	—	—	—	39,373	35,515
Other	—	—	—	—	—	—
<b>Total Receivables</b>	<b>\$45,211</b>	<b>\$98,709</b>	<b>\$17,340</b>	<b>\$1,421</b>	<b>\$162,681</b>	<b>\$151,004</b>
<b>Investments, at Fair Value</b>						
Short-Term Investments:						
Domestic	\$355,823	\$154,393	\$58	\$1,525	\$511,799	\$472,898
Equity Securities:						
Domestic	—	—	641,054	—	641,054	523,760
International	—	—	298,591	—	298,591	256,067
Debt Securities:						
Domestic	70,705	—	577,308	—	648,013	506,491
Real Estate Equities	—	—	80,000	—	80,000	—
<b>Total Investments</b>	<b>\$426,528</b>	<b>\$154,393</b>	<b>\$1,597,011</b>	<b>\$1,525</b>	<b>\$2,179,457</b>	<b>\$1,759,216</b>
<b>Total Assets</b>	<b>\$472,272</b>	<b>\$254,113</b>	<b>\$1,614,681</b>	<b>\$2,946</b>	<b>\$2,344,012</b>	<b>\$1,919,055</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Insurance Premiums & Claims						
in Process of Payment	\$10,769	\$204,319	\$5,390	\$ —	\$220,478	\$205,528
Estimated Insurance Claims Due	159,404	—	78,988	—	238,392	132,876
Management Fees	—	—	—	798	798	1,128
Due to Other Funds	3,915	40,252	359	1,215	45,741	42,443
Other	3,156	1,696	107,663	—	112,515	42,773
<b>Total Current Liabilities</b>	<b>\$177,244</b>	<b>\$246,267</b>	<b>\$192,400</b>	<b>\$2,013</b>	<b>\$617,924</b>	<b>\$424,748</b>
<b>Long-Term Liabilities</b>						
Estimated Liability for Future						
Policy Benefits	\$ —	\$ —	\$2,244,712	\$ —	\$2,244,712	\$1,483,000
<b>Total Long-Term Liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$2,244,712</b>	<b>\$ —</b>	<b>\$2,244,712</b>	<b>\$1,483,000</b>
<b>Total Liabilities</b>	<b>\$177,244</b>	<b>\$246,267</b>	<b>\$2,437,112</b>	<b>\$2,013</b>	<b>\$2,862,636</b>	<b>\$1,907,748</b>
<b>Total Unrestricted Net Assets (Deficit)</b>	<b>\$295,028</b>	<b>\$7,846</b>	<b>(\$822,431)</b>	<b>\$933</b>	<b>(\$518,624)</b>	<b>\$11,307</b>

The accompanying notes are an integral part of these financial statements.

# Statement of Revenues, Expenses, and Changes in Fund Net Assets — Proprietary Funds

For the Year Ended June 30, 2005 (with Comparative Totals for the Year Ended June 30, 2004)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2005	2004
<b>Operating Revenues</b>						
Self-Insurance Premiums	\$1,105,131	\$ —	\$241,663	\$ —	\$1,346,794	\$1,267,848
Health Care Premiums Collected	—	1,520,622	—	—	1,520,622	1,410,584
Administrative Fees Earned	—	16,349	—	—	16,349	15,851
Investment Management Fees Earned	—	—	—	460	460	918
Other	—	459	—	1,262	1,721	367
<b>Total Operating Revenues</b>	<b>\$1,105,131</b>	<b>\$1,537,430</b>	<b>\$241,663</b>	<b>\$1,722</b>	<b>\$2,885,946</b>	<b>\$2,695,568</b>
<b>Operating Expenses</b>						
Claims Expense	\$999,530	\$ —	\$65,369	\$ —	\$1,064,899	\$938,522
Increase in Estimated Liabilities	26,528	—	840,700	—	867,228	585,960
Health Care Premiums Remitted to Insurance Carriers	—	1,520,622	—	—	1,520,622	1,410,584
Administrative Expenses	65,902	17,109	16,285	1,215	100,511	89,735
<b>Total Operating Expenses</b>	<b>\$1,091,960</b>	<b>\$1,537,731</b>	<b>\$922,354</b>	<b>\$1,215</b>	<b>\$3,553,260</b>	<b>\$3,024,801</b>
<b>Operating Income (Loss)</b>	<b>\$13,171</b>	<b>(\$301)</b>	<b>(\$680,691)</b>	<b>\$507</b>	<b>(\$667,314)</b>	<b>(\$329,233)</b>
<b>Non-Operating Revenues</b>						
Net (Depreciation) Appreciation in Fair Value of Investments	(\$286)	\$ —	\$117,243	\$ —	\$116,957	\$136,237
Interest, Dividends & Other Investment Income	10,327	2,817	7,231	51	20,426	12,572
<b>Total Non-Operating Revenues</b>	<b>\$10,041</b>	<b>\$2,817</b>	<b>\$124,474</b>	<b>\$51</b>	<b>\$137,383</b>	<b>\$148,809</b>
<b>Change in Unrestricted Net Assets</b>	<b>\$23,212</b>	<b>\$2,516</b>	<b>(\$556,217)</b>	<b>\$558</b>	<b>(\$529,931)</b>	<b>(\$180,424)</b>
<b>Total Unrestricted Net Assets (Deficit)</b>						
<b>Beginning of Year</b>	<b>\$271,816</b>	<b>\$5,330</b>	<b>(\$266,214)</b>	<b>\$375</b>	<b>\$11,307</b>	<b>\$191,731</b>
<b>End of Year</b>	<b>\$295,028</b>	<b>\$7,846</b>	<b>(\$822,431)</b>	<b>\$933</b>	<b>(\$518,624)</b>	<b>\$11,307</b>

The accompanying notes are an integral part of these financial statements.

# Statement of Cash Flows — Proprietary Funds

For the Year Ended June 30, 2005 (with Comparative Totals for the Year Ended June 30, 2004)

(Dollars in Thousands)

	Enterprise Funds				Totals	
	HCF	CRF	LTCF	DCF	2005	2004
<b>Cash Flows From Operating Activities</b>						
Self-Insurance Premiums Collected	\$1,105,299	\$ —	\$241,632	\$ —	\$1,346,931	\$2,676,140
Health Care Premiums Collected	—	1,516,874	—	—	1,516,874	—
Claims Paid	(997,745)	—	(64,331)	—	(1,062,076)	(936,878)
Health Care Premiums Remitted	—	(1,516,874)	—	—	(1,516,874)	(1,410,584)
Other (Payments) Receipts	(75,399)	8,928	61,136	(1,519)	(6,854)	(40,051)
<b>Net Cash (Used) Provided by Operating Activities</b>	<b>\$32,155</b>	<b>\$8,928</b>	<b>\$238,437</b>	<b>(\$1,519)</b>	<b>\$278,001</b>	<b>\$288,627</b>
<b>Cash Flows From Investing Activities</b>						
Proceeds from Sales of Investments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Purchases of Investments	(17,134)	—	(247,250)	—	(264,384)	(170,878)
Net Change in Short-Term Investments	(23,213)	(17,159)	—	1,471	(38,901)	(128,445)
Interest & Dividends Received	8,717	2,331	7,227	48	18,323	13,684
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(\$31,630)</b>	<b>(\$14,828)</b>	<b>(\$240,023)</b>	<b>\$1,519</b>	<b>(\$284,962)</b>	<b>(\$285,639)</b>
Net Increase (Decrease) in Cash & Cash Equivalents	\$524	(\$5,900)	(\$1,586)	\$ —	(\$6,961)	\$2,988
<b>Cash &amp; Cash Equivalents, Beginning of Year</b>	<b>\$9</b>	<b>\$6,911</b>	<b>\$1,916</b>	<b>\$ —</b>	<b>\$8,836</b>	<b>\$5,847</b>
<b>Cash &amp; Cash Equivalents, End of Year</b>	<b>\$533</b>	<b>\$1,011</b>	<b>\$330</b>	<b>\$ —</b>	<b>\$1,875</b>	<b>\$8,835</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>						
Operating Income (Loss)	\$13,171	(\$301)	(\$680,691)	\$507	(\$667,314)	(\$329,233)
Estimated Insurance Claims Due to Health Care Providers	26,528	—	—	—	26,528	960
Changes in Assets & Liabilities:						
Receivables:						
Member, Public Agency, State & School	168	(4,797)	(31)	—	(4,660)	(527)
Due from Other Funds	(3,858)	—	—	—	(3,858)	1,186
Other	—	—	—	(1,054)	(1,054)	(139)
Insurance Premiums & Claims in Process of Payment	1,785	12,126	1,038	—	14,949	16,136
Liability for Future Policy Benefits	—	—	840,700	—	840,700	585,000
Due to Other Funds	2,914	1,148	(122)	(642)	3,298	(1,371)
Other	(8,553)	752	77,543	(330)	69,412	16,615
<b>Net Cash (Used) Provided by Operating Activities</b>	<b>\$32,155</b>	<b>\$8,928</b>	<b>\$238,437</b>	<b>(\$1,519)</b>	<b>\$278,001</b>	<b>\$288,627</b>
<b>Noncash Investing, Capital &amp; Financing Activities:</b>						
<b>Noncash Change in Fair Value of Investments in Securities</b>	<b>(\$286)</b>	<b>\$ —</b>	<b>\$117,243</b>	<b>\$ —</b>	<b>\$116,957</b>	<b>\$136,237</b>

The accompanying notes are an integral part of these financial statements.

# Notes to the Basic Financial Statements

## 1. General Description of the Plan

### General

The State Employees' Retirement System, the predecessor to the Public Employees' Retirement System of the State of California (CalPERS), or the "System," was created after voters approved a constitutional amendment authorizing legislation to establish a pension system for State employees. Such legislation became effective January 1, 1932. CalPERS has expanded to include, among others, employees of local agencies which elect to participate in the System. The Board of Administration (Board) of CalPERS administers a total of 14 funds, including five defined benefit retirement plans: the Public Employees' Retirement Fund (PERF), the Legislators' Retirement Fund (LRF), the Judges' Retirement Fund (JRF), the Judges' Retirement Fund II (JRF II), and the Volunteer Firefighters' Length of Service Award Fund (VFF); four defined contribution retirement plans: the State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF), the Public Agency Deferred Compensation Program (IRC 457), the Replacement Benefit Fund (RBF), and the Supplemental Contributions Program Fund (SCPF); two health care plans: the Public Employees' Health Care Fund (HCF) and the Public Employees' Contingency Reserve Fund (CRF); and three other plans: the Public Employees' Long-Term Care Fund (LTCF), the Public Employees' Deferred Compensation Fund (DCF), and the Old Age & Survivors' Insurance Revolving Fund (OASI).

### Reporting Entity

The basic financial statements of CalPERS include fund financial statements reporting the financial activities of all of the above funds and assets under trust. The CalPERS Board of Administration has plenary authority and fiduciary responsibility for the investment of monies and the administration of the System pursuant to the State Constitution, Article XVI, Section 17. CalPERS is a unit of the State of California State and Consumer Services Agency; however, CalPERS is not subject to administrative direction by any department, commission, board, bureau, or agency of the State. As such, CalPERS is classified as a component unit of the State of California for financial reporting purposes, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 39.

CalPERS financial statements are included in fiduciary and proprietary funds in the State of California Comprehensive Annual Financial Report.

### Defined Benefit Pension Plans

The PERF, LRF, JRF, and JRF II are defined benefit pension plans which provide benefits based on members' years of service, age, final compensation, and benefit formula. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. California Government Code Section 50951 created the VFF as an award system that provides benefits based on members' years of service and age. VFF enrollment, receipt of an award, and service credit shall not be construed as a retirement, retirement allowance or benefit, or as retirement system service credit, respectively. However, for financial statement purposes, the VFF is included as part of the pension trust funds.

The State of California and 1,523 public agencies and schools (representing more than 2,500 entities) contribute to the PERF, JRF, and JRF II, which are agent multi-employer defined benefit pension plans. CalPERS acts as the common investment and administrative agent for the member agencies, including schools (for classified employees). The LRF is a single-employer defined benefit pension plan for the State of California. The VFF is an agent multi-employer defined benefit pension plan with 61 participating fire departments. The VFF provides cities, counties, or districts that have fire departments with volunteer firefighting members the opportunity to offer such members an award for lifelong and faithful volunteer service.

Members of the PERF, LRF, JRF, and JRF II become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service. VFF members become vested after 10 years of credited service and are eligible to receive an award payment at age 60.

## Notes to the Basic Financial Statements

The PERF was established in 1932, the LRF in 1947, the JRF in 1937, JRF II in 1994, and the VFF in 1980.

As of June 30, 2005 and 2004, the number of affiliated employers for the PERF, LRF, JRF, JRF II, and VFF are as follows:

	2005	2004
<b>Public Employees' Retirement Fund</b>		
State	1	1
School	61	61
Public Agency	1,462	1,443
<b>Total Employers — Public Employees' Retirement Fund</b>	<b>1,524</b>	<b>1,505</b>
<b>Legislators' Retirement Fund</b>	<b>1</b>	<b>1</b>
<b>Judges' Retirement Fund</b>	<b>59</b>	<b>59</b>
<b>Judges' Retirement Fund II</b>	<b>59</b>	<b>59</b>
<b>Volunteer Firefighters' Award Fund</b>	<b>61</b>	<b>61</b>

As of June 30, 2005 and 2004, benefit recipients and members in the PERF, LRF, JRF, JRF II, and VFF consisted of the following:

	2005								
	PERF			Total PERF	LRF	JRF	JRF II	VFF	Total
	State	School	Public Agency						
Retirees	133,244	126,203	108,729	368,176	156	1,055	2	117	369,506
Survivors & Beneficiaries	23,358	18,341	15,219	56,918	110	551	7	—	57,586
Members									
Active	236,000	300,058	253,137	789,195	14	835	748	402	791,194
Inactive	74,672	80,316	72,799	227,787	33	82	—	3,147	231,049
<b>Total</b>	<b>467,274</b>	<b>524,918</b>	<b>449,884</b>	<b>1,442,076</b>	<b>313</b>	<b>2,523</b>	<b>757</b>	<b>3,666</b>	<b>1,449,335</b>
	2004								
	PERF			Total PERF	LRF	JRF	JRF II	VFF	Total
	State	School	Public Agency						
Retirees	127,533	106,157	118,336	352,026	155	1,027	2	80	353,290
Survivors & Beneficiaries	25,071	17,028	19,147	61,246	107	531	4	—	61,888
Members									
Active	245,670	302,081	256,222	803,973	17	894	690	1,070	806,644
Inactive	63,815	70,533	63,746	198,094	40	89	—	2,483	200,706
<b>Total</b>	<b>462,089</b>	<b>495,799</b>	<b>457,451</b>	<b>1,415,339</b>	<b>319</b>	<b>2,541</b>	<b>696</b>	<b>3,633</b>	<b>1,422,528</b>

# Notes to the Basic Financial Statements

The membership consists of the following categories.

## PERF

---

- *Safety* — includes California Highway Patrol, peace officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.
- *Schools* — includes non-teaching, non-certificated school employees.
- *State Industrial* — includes all employees of the Department of Corrections and the California Youth Authority who are not safety members.
- *General* — includes all other members, defined by statute as “miscellaneous” members.

## LRF

---

- State Legislators
- Constitutional Officers
- Legislative Statutory Officers

## JRF

---

- *Judges* — includes Supreme Court, Courts of Appeal, and Superior Courts appointed or elected before November 9, 1994.

## JRF II

---

- *Judges* — includes Supreme Court, Courts of Appeal and Superior Courts appointed or elected on or after November 9, 1994.

## VFF

---

- Volunteer Firefighters

## Financing

The benefits for the PERF, LRF, JRF, and JRF II are funded by contributions from members and employers, and earnings from investments. The benefits for the VFF are funded solely by contributions from employers and earnings from investments. Member and employer contributions for the PERF, LRF, JRF, and JRF II are a percentage of

applicable member compensation. Member contribution rates for the PERF, LRF, JRF, and JRF II are defined by law and depend on the respective employer’s benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by State statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump-sum contributions made when agencies first join the Public Employees’ Retirement Fund, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of active plan members are based on a percentage of salary in excess of a base compensation amount ranging from \$133 to \$863 monthly. For the fiscal year ended June 30, 2005, the required contribution rates for active plan members are as follows.

## PERF

---

State Employees:

Miscellaneous & Industrial	5% or 6%
Miscellaneous & Industrial — Second Tier	0%
Safety	6%
Peace Officers & Firefighters	8%
California Highway Patrol	8%
Classified School Employees	7%
Public Agency Employees	5% to 9%
<b>LRF</b>	0%
<b>JRF</b>	8%
<b>JRF II</b>	8%
<b>VFF</b>	Non-Contributory

These contributions are deposited in a fund established for each entity for the purpose of creating actuarial reserves for future benefits.

The State of California, pursuant to the Memoranda of Understanding with the employee unions, agreed to a temporary cessation of employee retirement contributions for the 2004 fiscal year. This cessation of employee retirement contributions was still in effect for the first three months of the 2005 fiscal year. After the first three months of the 2005 fiscal year, employee contribution rates returned to the usual statutory 5 percent or 6 percent.

# Notes to the Basic Financial Statements

All employees in a covered class of employment who work on a half-time basis or more are eligible to participate in the retirement plans. CalPERS administers several different retirement plans, each providing a monthly allowance based on age, years of credited service, the benefit formula, and highest average compensation over an established period of one year to three years. For the VFF, highest average compensation is not a consideration in determining a monthly allowance. All plans provide death and disability benefits except the VFF, which does not provide disability benefits. Within the PERF, the benefit provisions for the State and school employees are established by statute. The benefits for the public agencies are established by contract with the System, in accordance with the provisions of the Public Employees' Retirement Law. The benefits for the LRF are established in accordance with the provisions of the Legislators' Retirement Law. The benefits for the JRF are established in accordance with the provisions of the Judges' Retirement Law. The benefits for the JRF II are established in accordance with the provisions of the Judges' Retirement System II Law. The benefits for the VFF are established in accordance with the provisions of the Volunteer Firefighters' Length of Service Award Act.

In November 1990, Article IV, Section 4.5 was added to the State Constitution by adopting Proposition 140. This section effectively prohibited future Legislators from earning State retirement benefits for service in the Legislature on or after November 7, 1990, though it recognized vested pension benefits that had accrued before that date.

Due to the effects of Proposition 140, the Legislators' Retirement Fund is in transition. The number of Legislators eligible to participate in the LRF is declining as incumbent Legislators leave office and are replaced by new Legislators who are not eligible to participate in the program. Eventually, the only active members in the fund will be approximately 16 constitutional officers (including the Insurance Commissioner and members of the Board of Equalization) and approximately four legislative Statutory Officers.

Costs of administering the funds are financed through contributions and investment earnings of the funds.

## Termination

Upon separation from the retirement plans, members' accumulated employee contributions are refundable with interest credited through the date of refund, as required by applicable laws. Withdrawal of such accumulated contributions results in forfeiture of the related vested benefits.

In the event that public agencies elect to terminate their contracts with the retirement plans, accumulated member and employer contributions, interest, and the related liability for benefits may be transferred to the employers. If amounts are not transferred to the employer, sufficient assets required to cover the related liability for benefits are retained in the retirement plans. Excess assets above those required, if any, are returned to the employer, while the employer is billed for any deficiency in assets.

## Defined Contribution Plans

### SPOFF

---

The State Peace Officers' and Firefighters' Defined Contribution Plan Fund (SPOFF) is a defined contribution pension plan established by Chapter 820 of the 1998 Statutes. The plan is a qualified money purchase pension plan under Section 401(a) of Title 26 of the Internal Revenue Code, and is intended to supplement the retirement benefits provided by the PERF to eligible correctional officers employed by the State of California.

Contributions to the plan are funded entirely by the employer, with a contribution rate of 2 percent of the employee's base pay, not to exceed contribution limits established by the Internal Revenue Code. Contribution requirements are established and may be amended through a Memorandum of Understanding from the State of California Department of Personnel Administration. These contributions, as well as the participant's share of the net earnings of the fund, are credited to the participant's account.

The net earnings of the fund are allocated to the participant's account as of each valuation date, in the ratio that the participant's account balance bears to the aggregate of all participants' account balances. The benefit paid to participants will depend only on the amount contributed to participant's account and earnings on the value of the

## Notes to the Basic Financial Statements

participant's account. Plan provisions are established and may be amended by statute. At June 30, 2005 and 2004, there were 34,922 and 34,903 participants, respectively.

### **IRC 457**

---

The Public Agency Deferred Compensation Program (IRC 457) is an Internal Revenue Code Section 457(g) defined contribution plan administered by State Street Bank & Trust Company (acting as an agent of CalPERS) to provide benefits at retirement to public agency employees. Plan participation is voluntary to employees of participating public agencies, and contributions are separate from the defined benefit contributions made to CalPERS.

Members may contribute up to the limits established under the Internal Revenue Code. At June 30, 2005 and 2004, there were 19,455 and 17,332 participants, respectively, with account balances.

Members of the plan are allowed to change their contribution amount, transfer account balances among 14 investment options, or change the contribution percentages designated to each option on a daily basis. The 14 investment options are: Money Market Fund, Stable Fixed Income Fund, Bond Fund, S&P 500 Equity Index Fund, Active Large Cap Equity Fund, Russell 2000 Index Fund, Active Small Cap Equity Fund, International Equity Fund, Conservative Allocation Fund, Moderate Allocation Fund, Aggressive Allocation Fund, Insured Money Market Account, Certificate of Deposit, and the Self-Managed Options. Members may access their funds upon retirement, separation from employment, or other distributions as allowed under the Internal Revenue Code. The CalPERS Board of Administration has authorization under the Government Code of the State of California to establish plan provisions.

### **RBF**

---

The Replacement Benefit Fund (RBF) was established by Chapter 938 of the 1995 Statutes and initially funded in 1998 to provide benefits to members of the PERF whose retirement benefit exceeds Internal Revenue Code Section 415(b) limits. IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan.

The RBF is funded on a "pay-as-you-go" basis. That is, money collected from an employer during any calendar year must be paid to the retiree during that same year. Employer contributions must be in amounts "equivalent to" the benefits not paid as a result of the limitations of IRC Section 415(b). CalPERS calculates the member's retirement allowance based on the member's choice of retirement option. CalPERS also is responsible for calculating the applicable dollar limit under IRC Section 415(b), and setting the employer rates. At June 30, 2005 and 2004, there were 70 and 40 retirees, respectively, in the RBF.

### **SCPF**

---

The Supplemental Contributions Program Fund (SCPF) was established January 1, 2000 by Chapter 307 of the 1999 Statutes, as a separate trust fund for the Supplemental Contributions Program (program), a defined contribution plan that provides supplemental benefits at retirement to members of CalPERS. The program is a qualified plan under Section 401(a) of Title 26 of the United States Code, administered by CalPERS.

Currently, the program is available only to State of California employees who are members of CalPERS. The program is entirely member funded, and participation is voluntary. Participant contributions are made on an after-tax basis and are separate from the defined benefit contributions made to CalPERS. Participants may be able to contribute to a deferred compensation or 401(k) plan in conjunction with the program, if the participant remains within the Internal Revenue Code Section 415(c) limits. Distributions are allowed only at retirement or permanent separation from employment. The CalPERS Board of Administration has authorization under the Government Code of the State of California to establish plan provisions. At June 30, 2005 and 2004, there were 873 and 1,010 participants in the SCPE, respectively.

### **Other Funds Administered by CalPERS**

#### **OASI**

---

The Old Age & Survivors' Insurance Revolving Fund (OASI) was established to consolidate the collection and payment for California public agencies of employee and

## Notes to the Basic Financial Statements

employer contributions under the provisions of the federal Social Security regulations.

Federal legislation was enacted on October 21, 1986, which required direct remittance of Social Security contributions by individual public agencies and eliminates the intermediary collection and remittance of such contributions by individual public agencies and by State Social Security agencies, such as the OASI. As such, effective January 1, 1987, the OASI stopped receiving contributions from public agencies. Since then the OASI fund has operated in the capacity of an intermediary in the reconciliation of past year's payroll contributions to the federal government and to reimburse the PERF for OASI contract management services. As reconciliations are completed, amounts will be collected and transmitted to the federal government or returned to the local governments. If any liabilities are owed which the OASI cannot collect, the State of California or the appropriate public agency is responsible for payment.

### HCF

---

The Public Employees' Health Care Fund (HCF) was established under the Public Employees' Medical and Hospital Care Act (PEMHCA) as of July 1, 1988. The self-funded plans, PERS Choice and PERSCare, are risk pools available to all entities that contract for health insurance coverage under PEMHCA. Having all members in a single risk pool spreads catastrophic claims over a large base and minimizes administrative expenses. PERS Choice and PERSCare retain all the risk of loss of allowable health claims. Fund members are not subject to a supplemental assessment in the event of deficiencies. Premium rates for PERS Choice and PERSCare are set by the Board based on a trend analysis of the historic cost, utilization, demographics, and administrative expenses of the HCF to provide for the claims incurred and the actuarially determined required level of reserves.

PERS Choice and PERSCare rely on operating cash flows and investment income to fund health benefit payments. During the 2005 fiscal year, the Board continued to increase member premiums and modified the plans' benefit structures to mitigate the impact of increasing costs associated with rapid enrollment growth, increases in provider pricing, and increased benefit utilization.

Management believes that the current sources of funding for PERS Choice and PERSCare will be adequate to provide for benefits of the plans.

Public agencies participating in PERS Choice and PERSCare are required to make periodic premium payments based on rates as established by CalPERS. Plan members pay the difference between the premium rate and the employers' contribution. Administrative costs are financed through investment earnings.

### CRF

---

The Public Employees' Contingency Reserve Fund (CRF) was established in 1962, with the passage of PEMHCA, to fund administrative costs related to the PEMHCA program, and as a contingency reserve for such items as increases in future rates or in future benefits. PEMHCA was expanded to include local public agency employees on a contract basis in 1967. The CRF is reimbursed by the State and contracting public agencies for costs incurred for administering the program.

PEMHCA establishes eligibility rules for the following:

- retirees and beneficiaries receiving health care benefits;
- terminated plan members entitled to but not yet receiving benefits; and
- active plan members.

Administrative costs include direct costs of the program and a proportionate share of indirect costs allocated to the CRF by the PERF. The administrative fee is determined as a percentage of insurance premiums paid by the employers. The administrative fee for the year ended June 30, 2005 and 2004 was 0.43 percent and 0.44 percent, respectively. Contribution rates are reviewed annually and are adjusted, if needed, to cover budgeted administrative costs.

The CRF also collects health care premiums from annuitants whose retirement allowances are not sufficient to pay their total contributions for the health care plans in which they are enrolled. The CRF remits these amounts to the Public Employees' Retirement Fund, which pays the appropriate health care plan.

# Notes to the Basic Financial Statements

Public agency employers whose employees do not elect PERS Choice and PERSCare submit the provider-determined, Board-approved premiums to the CRF which, in turn submits the premiums to the respective provider.

At June 30, 2005 and 2004, 1,142 entities participated in health insurance coverage under PEMHCA.

## LTCF

---

The Public Employees' Long-Term Care Fund (LTCF) began providing self-insured long-term care plans in 1995. The LTCF operates by providing long-term care coverage to enrolled members under the Public Employees' Long-Term Care Act (PERL, Chapter 15). The fund contracts with a third party to administer the program. Long-term care coverage is offered to all public employees (active or retired), their spouses, parents, parents-in-law, and siblings. The LTCF is a member-paid program with no contributions from employers. Premium rates are recommended to the Board by the program actuary and are set by the Board. Prospective enrollees apply directly to the program for long-term care coverage.

As of June 30, 2005, there are 173,807 enrollees and 2,853 participants receiving benefits. As of June 30, 2004, there were 172,792 enrollees and 2,393 participants receiving benefits.

The unrestricted net deficit in the LTCF of \$822,431,000 at June 30, 2005 is attributable to an increase in estimated liabilities due to significant growth of inflation-adjusted policies. The LTCF is in the process of reviewing its current policies and exploring different options to address the deficit.

## DCF

---

The Public Employees' Retirement System Deferred Compensation Fund (DCF) accounts for revenues and expenses associated with administrative and investment management services provided to other governments by CalPERS staff. The services provided assist other governments with their administration of deferred compensation plans. Revenues come from fees assessed the State of California Department of Personnel Administration, sponsor of the State of California Savings

Plus Program, for managing one investment portfolio, and various State of California public agencies for managing 14 investment portfolios offered in the CalPERS IRC 457 plan. Expenses of the DCF are costs incurred to hire and support the CalPERS staff needed to implement the investment management and administrative services.

The DCF was established by Chapter 1659 of the 1990 Statutes, which added Government Code Sections 21420-21429. These Government Code Sections were subsequently renumbered to Government Code Sections 21670-21685 by Chapter 379 of the 1995 Statutes. Operation and initial funding of the DCF commenced July 1991.

The net assets of the portfolio managed by CalPERS for the State of California Savings Plus Program are not included in the accompanying financial statements.

Financial statements for the portfolio managed by CalPERS for the State of California Savings Plus Program may be obtained by contacting CalPERS.

## 2. Summary of Significant Accounting Policies

### Measurement Focus, Basis of Accounting, and Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The accounts of CalPERS are organized and operated on the basis of funds. CalPERS has the following fund types at June 30, 2005.

**Fiduciary funds** — including pension trust and agency funds, account for assets held by the government in a trustee capacity or as an agent on behalf of others. The pension trust funds (PERF, LRF, JRF, JRF II, VFF, SPOFF, IRC 457, RBF, and SCPF) are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Member contributions for the PERF, LRF, JRF, and JRF II are recognized in the period in which the contributions are due. Employer contributions for the PERF, LRF, JRF, JRF II, SPOFF, and RBF are recognized when due and the employer has made a formal

# Notes to the Basic Financial Statements

commitment to provide the contributions. Benefits under the defined benefit plans and refunds are recognized when due and payable in accordance with the terms of each plan. The agency fund (OASI) is custodial in nature and does not measure the results of operations. Assets and liabilities are recorded using the accrual basis of accounting.

**Proprietary funds** — including enterprise funds (LTCE, DCF, HCF, and CRF) are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. CalPERS applies all applicable GASB pronouncements in accounting and reporting for its proprietary operations, and follows FASB pronouncements as appropriate.

Operating revenues and expenses are distinguished from nonoperating items and generally result from providing services in connection with ongoing operations. The principal operating revenues of the HCF, CRF, LTCE, and DCF are derived from self-insurance premiums and providing administrative services. Operating expenses include the cost of claims and related administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

## **GASB Statement No. 40**

In March of 2003 the GASB issued Statement No. 40, Deposit and Investment Risk Disclosures (GASB 40). The provisions of GASB 40 are effective for financial statements for periods beginning after June 15, 2004. GASB 40 modifies previous custodial credit risk disclosure requirements and establishes more comprehensive disclosure requirements relating to other common risks of investment such as credit risk, concentration of credit risk, interest rate risk and foreign currency risk. CalPERS has implemented the provisions of GASB 40 for the fiscal year ended June 30, 2005.

The net assets of the PERF account for 99.7 percent of all CalPERS net assets. For that reason, GASB 40 disclosures for the PERF are separately reported from all other affiliate funds. All other affiliate fund investments are reported in the aggregate.

## **Investments**

As a result of Proposition 162 (State Constitution, Article XVI, Section 17), the CalPERS Board of Administration has plenary authority and fiduciary responsibility for the investment of monies. CalPERS invests in stocks, bonds, mortgages, real estate, alternative, and other investments. Alternative investments include two components: direct investments and partnerships. CalPERS maintains certain deposits, cash equivalents, and other investments with financial institutions.

All investments are reported at fair value. The fair values of investments in securities are generally based on published market prices and quotations from major investment firms. Many factors are considered in arriving at fair value. In general, corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock, less an appropriate discount. Investments held in internal investment pools have been reported at fair value.

Mortgages are valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments, principally rental property subject to long-term net leases, is estimated based on independent appraisals. Short-term investments are reported at market value, when available, or at cost plus accrued interest, which approximates market value when market values are not available. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments.

There are certain market risks, credit risks, liquidity risks, foreign currency exchange risks, and event risks which may subject CalPERS to economic changes occurring in certain industries, sectors, or geographies.

## **Derivatives**

Under the State Constitution and statutory provisions governing CalPERS investment authority, CalPERS,

## Notes to the Basic Financial Statements

through its outside investment managers, holds investments in futures and options and enters into forward foreign currency exchange contracts. Futures and options with fair values of approximately \$393,205,000 and negative \$89,276,000 are held for investment purposes and included within the financial statements at June 30, 2005 and 2004, respectively. Gains and losses on futures and options are determined based upon quoted market values and recorded in the Statement of Changes in Fiduciary Net Assets.

Due to the level of risk associated with certain derivative investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Forward foreign currency exchange contracts are used primarily to hedge against changes in exchange rates related to foreign securities. At June 30, 2005 and 2004, CalPERS has approximately \$393,127,000 and negative \$89,051,000 net exposure to loss from forward foreign currency exchange transactions related to the approximately \$43 billion and \$38 billion international debt and equity portfolios, respectively.

CalPERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. CalPERS investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. CalPERS anticipates that the counterparties will be able to satisfy their obligations under the contracts.

### Capital Assets

Capital assets are defined by CalPERS as assets with an initial individual cost of \$5,000 or more, and an estimated useful life in excess of one year.

Capital assets held by the PERE, consisting of buildings, furniture, and equipment, are recorded at cost or, if donated, at their estimated fair market value at the date of donation. Capital assets are depreciated over their estimated useful lives, ranging from one to five years for furniture and equipment and 40 years for buildings, using the straight-line method of depreciation.

The CalPERS Board of Administration has authorized approximately \$265,000,000 for the construction of additional headquarters space. During the 2005 fiscal year, \$83,404,000 was disbursed for land acquisition, site preparation, and building construction.

### Actuarial Valuation

The information included in the required supplemental schedules is based on the actuarial valuations performed as of June 30, 2004, which is the latest available information. Significant actuarial assumptions used in the valuations are included in the notes to the required supplemental schedules.

### Reclassification of Prior Year Amounts

Certain amounts in 2004 comparative totals have been reclassified to conform with the current year presentation.

### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and net assets held in trust for pension benefits and changes therein, IBNR, claims payable, and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

### 3. Cash and Cash Equivalents

Cash and cash equivalents of approximately \$281,512,000 and \$328,467,000 in 2005 and 2004, respectively, represent amounts held in the CalPERS general operating accounts with the State Treasury. These monies are not individually identifiable by fund, as they are pooled with the monies of other State agencies and invested by the State Treasurer's Office.

### 4. Investments

For the years ended June 30, 2005 and 2004, State Street Bank & Trust Company was the master custodian for significantly all of the securities of CalPERS, however, certain securities are held by alternative investment managers. Real estate deeds of trust are held in the name

# Notes to the Basic Financial Statements

of Limited Liability Corporations and Partnerships. The investments held by LRF, JRF II, VFF, SCPF, and LTCF have been commingled in three investment pools. Two of these investment pools are domestic equity securities and domestic debt securities, which are managed by CalPERS. The third pool is international equity securities, which is managed by State Street Bank & Trust Company. Each of the five funds has a different asset allocation based on Board-approved policy.

For the 2004-2005 fiscal year, CalPERS has implemented the Governmental Accounting Standards Board Statement 40. In accordance with GASB 40, CalPERS discloses investments that are subject to certain risks: Custodial Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk. The GASB 40 disclosures replace the investments risk categories table included in the 2003-2004 CalPERS Comprehensive Annual Financial Report.

GASB 40 investment risk disclosures begin on page 47, disclosing the investments subject to the various risks for the PERF and all other affiliate funds.

### Securities Lending

The State Constitution and CalPERS Board policies permit CalPERS to use investments of the PERF to enter into securities lending transactions; collateralized loans of securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. CalPERS has contracted with Boston Global Advisors (BGA), Credit Suisse First Boston (CSFB), State Street Bank & Trust (SSB) and Metropolitan West Securities, LLC (Met West) as third-party securities lending agents to lend domestic and international equity and debt securities. Additionally, CalPERS contracts with eSecLending as an administrative agent for CalPERS principal borrowers. Domestic and international securities are collateralized for cash at 102 percent and 105 percent of the securities market value respectively. Management believes CalPERS has minimized credit risk exposure to borrowers by requiring the borrower to provide collateralization greater than 100 percent of the market value of the securities loan. The securities loaned are priced daily.

In the event that a borrower fails to return the securities or fails to remit income distributions by the securities' issuers to CalPERS while the securities are on loan, the agent is responsible for the associated costs. Securities on loan can be recalled on demand by CalPERS and loans of securities may be terminated by CalPERS or the borrower. CalPERS may enter into term loan agreements which are evaluated on an individual basis.

The cash collateral is invested in accordance with CalPERS investment guidelines in short-term conservative managed investment funds. CSFB, Met West, and SSB manage the cash collateral. CalPERS internally manages a portion of the collateral. Met West matches the duration of the collateral to the duration of the loans. Because the loans made by CSFB and SSB are terminable at will, they do not match the durations of the collateral to that of the loans. For the year ended June 30, 2005, the collateral invested in short-term funds had weighted average maturities of 349 days, 114 days, 113 days, and 285.39 days and durations of 44, 29, 39, and 23.74 days for CSFB, SSB, Met West and CalPERS Internally Managed portfolios, respectively.

### Real Estate

Real estate investments are classified as investments in accordance with GASB Statement 25. Certain real estate investments are leveraged whereby partnerships have been established to purchase properties through a combination of contributions from CalPERS and other investors and through the acquisition of debt. At June 30, 2005, real estate equities of approximately \$18,746,446 are reported at estimated gross fair market value. Of this amount \$9,577,137 is equity and \$9,169,309 is debt.

Required repayment of real estate debt is as follows.

(Dollars in Thousands)

<b>Year Debt Matures</b>	<b>Amount</b>
2006	\$1,183,159
2007	1,651,900
2008	515,000
2009	10,300
2010-2014	4,028,150
2015-2019	835,900
2020 & after	944,900
<b>Grand Total</b>	<b>\$9,169,309</b>

# Notes to the Basic Financial Statements

## Other Investment Income

Total Other Investment Income earned by CalPERS in the 2005 fiscal year is \$1,312,779,000. This total consists of \$1,210,568,000 from income distributions earned in the Alternative Investment Management Program (AIM), and \$95,364,000 from securities litigation, sale of fractional shares, other miscellaneous income earned across all other investment portfolios and amortization income earned in the Fixed Income portfolios and \$6,677,000 from the Directed Brokerage Program.

## Custodial Credit Risk

CalPERS does not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in CalPERS name. Nor does CalPERS have any investments that are not registered in the name of CalPERS and are either held by the counterparty or the counterparty's trust department or agent but not in CalPERS name.

## Concentration of Credit Risk

CalPERS does not have investments in any one issuer which represent 5 percent or more of total fair value of all investments.

## Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. This risk is managed within the portfolios using the effective duration or option-adjusted methodology. The System's investment policies require the option-adjusted duration of the total fixed income portfolio to stay within 20 percent of the option-adjusted duration of its benchmark (Lehman Brothers Long Liabilities). All individual portfolios are required to maintain a specified level of risk relative to their benchmark. Risk exposures are monitored daily. These are shown (Dollars in Thousands) grouped by effective duration ranges.

## PERF

Debt security investments of the PERF subject to interest rate risk.

### PERF — Debt Security Investments Subject to Interest Rate Risk

(Dollars in Thousands)

Debt Security Type	Market Value June 30, 2005	Percent of All Debt Securities	Portfolio Weighted Average Effectuated Duration (Years)
U.S. Treasuries & Agencies	\$13,106,542	24.1%	8.32
Mortgages	18,125,088	33.4	3.66
Corporate	11,361,713	20.9	8.76
Asset Backed	7,230,777	13.3	2.54
International	4,516,658	8.3	9.66
<b>Total</b>	<b>\$54,340,778</b>	<b>100%</b>	

# Notes to the Basic Financial Statements

## Affiliate Funds

Below are the debt security investments of all the other Affiliate Funds subject to interest rate risk. Affiliate Funds include the Health Care Fund, State Peace Officers' and Firefighters' Savings Fund, Judges' Retirement Fund II, Long-Term Care Fund, the Volunteer Firefighters' Length of Service Award Fund, and the Legislators' Retirement Fund.

### Affiliate Funds — Debt Security Investments Subject to Interest Rate Risk

(Dollars in Thousands)

Debt Security Type	Market Value June 30, 2005	Percent of All Debt Securities	Portfolio Weighted Average Effected Duration (Years)
U.S. Treasuries	\$224,433	28.2%	6.79
Mortgages	213,184	26.8	2.85
Corporate	187,013	23.5	8.67
Asset Backed	45,577	5.7	0.45
Govt. Agency	41,332	5.2	6.75
Sovereign	14,830	1.9	10.22
Pooled	68,645	8.7	N/A
<b>Total</b>	<b>\$795,014</b>	<b>100.0%</b>	

## Foreign Currency Risk

Foreign currency risk is defined as any deposits or investments that are denominated in foreign currencies, which bear a potential risk of loss arising from changes in currency exchange rates. The System's asset allocation and investment policies allow for active and passive investments in international securities. The System's target allocation is

to have 20 percent of total global equity assets invested in international equities and 11.5 percent of total fixed income invested in international securities. Real Estate and AIM do not have a target allocation for international investments. The System uses a currency overlay program to reduce risk by hedging up to 30 percent of the total international equity portfolio. Currency exposures are monitored daily.

## Notes to the Basic Financial Statements

### PERF

Investment securities of the PERF that are subject to foreign currency risk.

#### International Investment Securities — At Fair Value at June 30, 2005

(U.S. Dollars in Thousands)

	Equity	AIM	Fixed Income	Real Estate	Currency Overlay	Cash	Total
<b>Currency</b>							
Argentine Peso	\$ —	\$ —	\$ —	\$ —	\$ —	\$5	\$5
Australian Dollar	1,641,555	3,755	174,200	—	4,018	53,964	1,877,492
Brazilian Real	352,479	—	—	—	—	277	352,756
British Pound Sterling	8,104,503	63,506	318,189	—	91,928	340,971	8,919,097
Canadian Dollar	2,006,531	8,861	99,826	9,314	(2,311)	6,395	2,128,616
Chilean Peso	46,571	—	—	—	—	107	46,678
Chinese Yuan	—	—	—	—	—	(2)	(2)
Czech Koruna	18,122	—	—	—	—	168	18,290
Danish Krone	269,614	757	131,352	—	13	10,566	412,302
Euro	11,895,227	340,905	2,310,824	—	226,469	363,762	15,137,187
Hong Kong Dollar	925,102	—	—	—	97	36,849	962,048
Hungarian Forint	139,502	—	10,197	—	—	3	149,702
Indian Rupee	231,540	—	—	—	—	7,197	238,737
Israeli Shekel	166,695	—	—	—	—	154	166,849
Japanese Yen	6,431,192	14,717	1,122,273	—	76,277	206,111	7,850,570
Malaysian Ringgit	163,493	—	—	—	—	342	163,835
Mexican Peso	277,652	—	33,770	—	—	1,208	312,630
New Zealand Dollar	168,434	—	—	—	(12)	3,738	172,160
Norwegian Krone	326,109	—	88,179	—	12	6,322	420,622
Philippine Peso	95,156	—	—	—	—	1	95,157
Polish Zloty	68,454	—	76,474	—	—	175	145,103
Singapore Dollar	336,173	—	34,999	—	16	2,422	373,610
South African Rand	411,268	—	—	—	—	351	411,619
South Korean Won	847,297	—	30,676	—	—	503	878,476
Swedish Krona	796,341	—	50,567	—	6,940	42,653	896,501
Swiss Franc	2,140,679	371	—	—	37,947	126,222	2,305,219
Taiwan Dollar	544,182	—	—	—	—	7,098	551,280
Thailand Baht	60,100	—	—	—	—	3,281	63,381
Turkish New Lira	259,628	—	—	—	—	85	259,713
<b>Total Securities Subject to Foreign Currency Risk</b>	<b>\$38,723,599</b>	<b>\$432,872</b>	<b>\$4,481,526</b>	<b>\$9,314</b>	<b>\$441,394</b>	<b>\$1,220,928</b>	<b>\$45,309,633</b>

## Notes to the Basic Financial Statements

### Affiliate Funds

None of the Affiliate Funds hold securities subject to foreign currency risk.

### Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The System's investment policies establish general as well as specific risk measures for the fixed income portfolio. From the most general perspective, 90 percent of the total fixed income portfolio must be invested in investment-grade securities. Investment-grade securities are those fixed income securities with a Moody's rating of AAA to BAA or a Standard & Poors rating of AAA to BBB. Each portfolio is required to maintain a specified risk level. Portfolio exposures are monitored daily.

### PERF

Debt investment securities of the PERF at market value that are subject to credit risk.

#### PERF — At Market Value Subject to Credit Risk

(Dollars in Thousands)

Moody's Quality Rating	Fair Value	Fair Value as a Percent of Total Debt Security Investments
AAA	\$25,933,118	46.1%
AA1	151,562	0.3
AA2	415,473	0.7
AAA3	671,139	1.2
A1	403,253	0.7
A2	1,872,846	3.3
A3	1,692,427	3.0
BAA1	1,762,213	3.1
BAA2	2,631,853	4.7
BAA3	2,030,001	3.6
BA1	223,562	0.4
BA2	235,271	0.4
BA3	122,954	0.2
B1	214,801	0.4
B2	211,083	0.4
B3	383,375	0.7
CAA1	132,803	0.2
CAA2	63,888	0.1
CAA3	196,436	0.4
CA	82,154	0.2
C	301	0.0
Not Rated	16,855,706	29.9
<b>Total</b>	<b>\$56,286,219</b>	<b>100.0%</b>

# Notes to the Basic Financial Statements

## Affiliate Funds

CalPERS Affiliate Funds have \$795,014,000 invested in Domestic Debt securities. The affiliate funds debt investments are commingled in pooled debt investment

portfolios which are not rated by a nationally recognized statistical rating organization. The underlying assets of these pooled investment portfolios are both internally and externally managed.

## Notes to the Basic Financial Statements

Net (depreciation) appreciation in the fair value of investments for the years ended June 30 was as follows.

(Dollars in Thousands)

	PERF		LRF		JRF II		VFF	
	2005	2004	2005	2004	2005	2004	2005	2004
Realized (Loss)								
Gain on Sale								
of Investments	\$4,246,292	\$3,546,303	\$4,886	\$15,834	\$3,686	\$2,728	\$57	\$170
Appreciation								
(Depreciation)								
in Fair Value								
of Investments	11,771,165	14,928,284	7,034	(4,972)	10,692	10,658	172	79
<b>Net Appreciation</b>								
<b>(Depreciation)</b>								
<b>in Fair Value</b>								
<b>of Investments</b>	<b>\$16,017,457</b>	<b>\$18,474,587</b>	<b>\$11,920</b>	<b>\$10,862</b>	<b>\$14,378</b>	<b>\$13,386</b>	<b>\$229</b>	<b>\$249</b>

Due to the types of investments held by the JRF, RBF, CRF, and DCF, there was no appreciation (depreciation) in fair value of investments in those funds for the years ended June 30, 2005 or 2004. The calculation of realized gains and losses is independent of the calculation of the change in the fair value of investments. Realized gains and losses of the current period include unrealized amounts from prior periods.

# Notes to the Basic Financial Statements

<u>SPOFF</u>		<u>IRC 457</u>		<u>SCPF</u>		<u>HCF</u>		<u>LTCF</u>		<u>Totals</u>	
<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
\$715	\$289	(\$1,710)	\$291	\$303	\$10	(\$268)	(\$116)	\$99,486	\$10,268	\$4,353,447	\$3,575,777
<u>15,858</u>	<u>18,676</u>	<u>13,405</u>	<u>27,989</u>	<u>1,585</u>	<u>2,866</u>	<u>(18)</u>	<u>(39)</u>	<u>17,757</u>	<u>126,124</u>	<u>11,837,650</u>	<u>15,109,665</u>
<b>\$16,573</b>	<b>\$18,965</b>	<b>\$11,695</b>	<b>\$28,280</b>	<b>\$1,888</b>	<b>\$2,876</b>	<b>(\$286)</b>	<b>(\$155)</b>	<b>\$117,243</b>	<b>\$136,392</b>	<b>\$16,191,097</b>	<b>\$18,685,442</b>

# Notes to the Basic Financial Statements

## 5. Contributions and Reserves

### Employer Contributions Actuarially Determined and Contributions Made

Employer contributions are calculated as a percentage of employer payroll. The payroll for employees covered by the PERF, LRF, JRF, and JRF II in 2005 was approximately \$35,622,145,000, \$1,739,000, \$133,668,000, and \$104,659,000, respectively.

The PERF and JRF II use a Modified Entry Age Normal Actuarial Cost Method, which is a projected benefit cost method. That is, the method takes into account those benefits that are expected to be earned in the future, as well as those already accrued.

According to this cost method, the normal cost for an employee pension liability is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. The Entry Age Normal Actuarial Cost Method used by the PERF and JRF II is modified by CalPERS so that the employers' total normal cost is expressed as a level percentage of payroll. The PERF and JRF II use the level percentage of payroll method to amortize any unfunded actuarial liabilities.

The VFF uses the Unit Credit Actuarial Cost Method as the basis for its valuation. The LRF and JRF use the Aggregate Actuarial Cost Method as the basis for their valuations.

The significant actuarial assumptions used in the 2004 valuations to compute the actuarially determined contribution requirements for the PERF, JRF II, and VFF are the same as those used to compute the actuarial accrued liability.

Assumptions used in the actuarial valuations are included in the Notes to Required Supplemental Schedules.

### Restrictions on Net Assets Available for Benefits

Included in the Net Assets Held in Trust For Pension Benefits is a restricted reserve that, by law, is retained in the PERF and LRF as a reserve against deficiencies in interest earned, potential losses under investments, court-mandated costs, and actuarial losses resulting from terminations, mergers, or dissolutions of contracting agencies. This reserve cannot

exceed 0.2 percent of total assets of the PERF and the LRF, and totaled approximately \$399,518,000 and \$346,628,000 as of June 30, 2005 and 2004, respectively.

### PERF

---

Actuarial valuations of the PERF are performed annually. The last valuation was performed as of June 30, 2004, for the State, schools, and public agencies.

The total 2005 Net Retirement Contributions for the PERF amounted to approximately \$8,950,901,000, of which \$5,774,120,000 (the actuarially determined annual required contribution) came from 1,524 employers and approximately \$3,176,781,000 came from more than 789,000 members. Normal cost is 10.262 percent of covered payroll, and amortization of the unfunded liabilities is 4.103 percent of covered payroll. These figures are averages for all employers. The actual figures vary by each employer's plan.

### LRF

---

The current contribution requirements of the LRF are based on actuarially determined rates promulgated as part of legislation passed in 1977.

Actuarial valuations of the LRF are required to be carried out at least every two years. The Board of Administration utilizes these actuarial valuations to make recommendations to the State for financing the Fund. For the fiscal year ending June 30, 2005, there was no statutory contribution required based on the June 30, 2003 valuation.

### JRF

---

Contributions made by the State of California to the JRF are made pursuant to State statute and are not actuarially determined; however, an actuarial valuation of the JRF assets and liabilities is performed every year and is used by CalPERS to make recommendations for financing the JRF.

The California law which states that on and after January 1, 2004, the JRF shall be funded and actuarially sound was amended in conjunction with the adoption of the Judges' Retirement System II Law, which, among other provisions, eliminated the requirement that the JRF be

## Notes to the Basic Financial Statements

funded and actuarially sound. Recommendations to achieve the necessary level of contributions have been submitted by the CalPERS Board to the Legislature.

As of June 30, 2005, funding was provided from the following sources to meet benefit payment requirements.

- **Member Contributions** — 8 percent of applicable member compensation.
- **Employer Contributions** — 8 percent of applicable member compensation.
- **Filing Fees** — Varying amounts depending on fee rate and number of filings.
- **Investments** — Current yield on short-term investments.
- **State of California “Balancing Contributions”** — An amount required by the Judges’ Retirement Law, at least equal to the estimated benefits payable during the ensuing fiscal year less the sum of 1) the estimated member contributions during the ensuing fiscal year and; 2) net assets available for benefits at the beginning of the fiscal year.

Under the pay-as-you-go basis, short-term investments as well as contributions received during the year are used to make benefit payments. Management and legal counsel believe the State of California is legally required to provide these required contributions to fund the benefits.

For the year ended June 30, 2005, the actual contributions made by the State to the JRF were approximately \$127,078,000, which is significantly less than the actuarially determined annual required contribution of approximately \$189,950,000.

Because current contributions are used to make benefit payments, the fund does not retain the accumulated contributions of active members. The cumulative contributions of all currently active members since inception were approximately \$135,561,000 and \$135,603,000 at June 30, 2005 and 2004, respectively, which exceeded Net Assets Held in Trust for Pension Benefits by approximately \$118,317,000 and \$130,993,000 at June 30, 2005 and 2004, respectively.

---

### JRF II

Actuarial valuations for the JRF II are required to be carried out annually. The legislated State contribution rate will be adjusted periodically as part of the annual Budget Act in order to maintain or restore the actuarial soundness of the fund. The last actuarial valuation was performed as of June 30, 2004.

For the year ending June 30, 2005, the statutory employer contribution rate was 20.252 percent based on the June 30, 2003 actuarial valuation. Therefore, for the year ended June 30, 2005, the contributions made by the State to the fund were approximately \$21,195,000, which is slightly less than the actuarially determined required contributions of approximately \$22,820,000.

---

### VFF

The current contribution requirements of the VFF are based on actuarially determined rates promulgated as part of the Volunteer Firefighters’ Length of Service Award Act passed in 1979.

Actuarial valuations of the VFF are required to be carried out at least every two years. The last valuation was performed as of June 30, 2004. The Board of Administration utilizes these actuarial valuations to make recommendations for financing the fund.

Contributions for prior service credits are recognized as revenue by VFF at the time a contract with the participating agency is executed. The participating agency may elect to pay the contributions for prior service credits in a lump sum or over a period of up to 10 years.

### 6. Commitments

Contract commitments for the construction of additional headquarters space in the amount of \$24,444,000, to be paid upon satisfactory completion of work, were pending on June 30, 2005.

At June 30, 2005, CalPERS total capital commitments to private equity funds was \$26.3 billion. Of this amount, \$9.1 billion remained unfunded and is not recorded on the CalPERS balance sheet.

# Notes to the Basic Financial Statements

At June 30, 2005, CalPERS total commitments to purchase real estate equity was \$504,988,000.

## 7. Contingencies

CalPERS began a Credit Enhancement Program during the 2004-2005 fiscal year by entering into agreements with a number of issuers of non-taxable debt to provide payment of principal and interest in the event of non-payment. CalPERS is paid a quarterly fee over the term of the agreement for each transaction. The majority of the transactions are supported by collateral, letters of credit from banks or bond insurers for repayment. As of June 30, 2005 the Credit Enhancement Program had contingent liabilities of approximately \$579 million and net fee income of approximately \$364,000.

CalPERS is a defendant in litigation involving individual benefit payment and participant eligibility issues and arising from its normal activities. In the event of an adverse decision, any payments awarded by the courts would be recovered by CalPERS through prospective adjustments to the employer contribution rate. Based upon consultation with legal counsel, management believes there will be no material adverse effect on the basic financial statements as a result of the ultimate outcome of these matters.

## 8. Health Care Fund

### Basis for Estimated Liabilities

The Public Employees' Health Care Fund (HCF) establishes claim liabilities based on estimates of the ultimate costs of claims (including future claim adjustment expenses) that have been reported but not settled and of claims that have been "incurred but not reported" (IBNR). The estimated claims liability was calculated by Blue Cross, the HCF's third-party administrator, at June 30, 2005, using a variety of actuarial and statistical techniques and adjusted for actual experience to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The estimated claims liability of \$159,404,000 is carried at its face amount, and no interest

discount is assumed. The IBNR portion represents an estimate for claims that have been incurred prior to June 30, 2005, but have not been reported to the HCF.

### Anticipated Investment Income

Anticipated investment income is not included in the calculation of the annual premium requirement for HCF members.

### Reinsurance

The HCF has not entered into any reinsurance or excess insurance agreements.

## 9. Long-Term Care Fund

The Public Employees' Long-Term Care Fund (LTCF) estimate of the funding level to provide for the payment of future claim benefits is predicated upon participation levels that are expected to be achieved by the program. The premiums from the LTCF are recognized during the period covered.

The LTCF establishes the liability for future policy benefits based on the present value of future benefits and expenses less the present value of future premiums. The liability for future policy benefits was calculated by the fund's actuary, using a variety of actuarial and statistical techniques as part of their actuarial review as of June 30, 2005. Certain key assumptions used in this calculation are a discount rate of 7.79 percent (the average rate of assumed investment yields in effect for the current year), morbidity, disability continuance, mortality, voluntary termination, and claims expense. The total estimated liability for future policy benefits as of June 30, 2005, was \$2,323,700,000. Of that amount, \$78,988,000 is expected to be paid in fiscal year 2006 and is included in current liabilities.

## Notes to the Basic Financial Statements

The following represents changes in the aggregate estimated claims liabilities of the HCF for the years ended June 30:

(Dollars in Thousands)

	PERSCare/PERS Choice	
	2005	2004
<b>Total Estimated Claims at Beginning of Fiscal Year</b>	<b>\$132,876</b>	<b>\$131,916</b>
Incurred Claims & Claim Adjustment Expenses:		
Provision for Insured Events of the Current Fiscal Year	\$1,083,011	\$940,396
Decrease in Provision for Insured Events of Prior Years	(56,953)	(54,043)
<b>Total Incurred Claims &amp; Claim Adjustment Expenses</b>	<b>\$1,026,058</b>	<b>\$886,460</b>
<b>Payments:</b>		
Claims & Claim Adjustment Expenses Attributable to Insured Events of the Current Year	\$923,608	\$807,520
Claims & Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	75,923	77,873
<b>Total Payments</b>	<b>\$999,531</b>	<b>\$885,500</b>
<b>Total Estimated Claims at End of the Fiscal Year</b>	<b>\$159,403</b>	<b>\$132,876</b>





## Required Supplemental Schedules

# Required Supplemental Schedule of Funding Progress

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>PERF</b>						
6/30/95	\$83,775	\$87,673	\$3,898	95.6%	\$20,800	18.7%
6/30/96	94,230	96,838	2,608	97.3	22,322	11.7
6/30/97	108,566	97,925	(10,641)	110.9	22,504	(47.3)
6/30/98	128,830	106,938	(21,892)	120.5	24,672	(88.7)
6/30/99	148,605	115,748	(32,857)	128.4	27,636	(118.9)
6/30/00	162,439	135,970	(26,469)	119.5	28,098	(94.2)
6/30/01	166,860	149,155	(17,705)	111.9	30,802	(57.5)
6/30/02	156,067	163,961	7,894	95.2	32,873	24.0
6/30/03	158,596	180,922	22,326 <sup>1</sup>	87.7	34,784	64.2
6/30/04	169,899	194,609	24,710	87.3	35,078	70.4
<b>LRF</b>						
6/30/95	\$88.5	\$101.6	\$13.1	87.1%	\$4.9	267.3%
6/30/96	94.2	105.2	11.0	89.5	4.8	229.2
6/30/97 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
<b>JRF</b>						
6/30/95	\$9.3	\$1,406.0	\$1,396.7	0.7%	\$156.8	890.1%
6/30/96	12.5	1,460.1	1,447.6	0.9	153.8	941.0
6/30/97 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A	N/A

## Required Supplemental Schedule of Funding Progress (continued)

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>JRF II</b>						
6/30/95	\$0.239	\$0.071	(\$0.168)	338.6%	\$0.9	(18.7%)
6/30/96	2.388	2.813	0.425	84.9	8.1	5.3
6/30/97	7.242	7.906	0.664	91.6	15.4	4.3
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2
6/30/03	96.107	105.116	9.009	91.4	87.3	10.3
6/30/04	129.153	137.704	8.551	93.8	99.0	8.6
<b>VFF</b>						
6/30/95	\$0.931	\$0.815	(\$0.116)	114.2%	N/A	N/A
6/30/96	1.078	0.934	(0.144)	115.4	N/A	N/A
6/30/97	1.360	1.121	(0.239)	121.3	N/A	N/A
6/30/98	1.678	1.500	(0.178)	111.8	N/A	N/A
6/30/99	1.987	1.805	(0.182)	110.1	N/A	N/A
6/30/00	2.302	2.296	(0.006)	100.3	N/A	N/A
6/30/01	2.524	2.183	(0.341)	115.6	N/A	N/A
6/30/02	2.310	2.453	0.143	94.2	N/A	N/A
6/30/03	2.786	3.206	0.420	86.9	N/A	N/A
6/30/04	2.975	3.525	0.550	84.4	N/A	N/A

### Notes:

- <sup>1</sup> The Unfunded Actuarial Accrued Liability (net assets in excess of the total Actuarial Liability) of the PERF by major employer group from the June 30, 2004 valuation is as follows: 1) \$12,746 for the State of California, 2) \$2,589 for schools, and 3) \$9,375 for public agencies.
- <sup>2</sup> Beginning with the June 30, 1997 valuation, actuarial valuations were performed using the Aggregate Cost Valuation Method, which does not identify unfunded actuarial liabilities. Prior to the June 30, 1997 valuation, actuarial valuations were performed using the Aggregate Entry Age Normal Cost Valuation Method.

## Required Supplemental Schedule of Employer Contributions

Year Ended June 30	PERF Employer Contributions		LRF Employer Contributions	
	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
1996	\$1,850,103,438 <sup>1</sup>	100%	\$2,014,826	28.3%
1997	2,285,043,412 <sup>1</sup>	147 <sup>2</sup>	1,933,367	127.8 <sup>3</sup>
1998	2,289,526,403	100	2,022,421	33.4
1999	1,598,316,666	100	— <sup>4</sup>	N/A
2000	362,614,344	100	— <sup>4</sup>	N/A
2001	321,618,855	100	— <sup>4</sup>	N/A
2002	800,964,553	100	— <sup>4</sup>	N/A
2003	1,925,043,858	100	— <sup>4</sup>	N/A
2004	4,261,347,422	100	— <sup>4</sup>	N/A
2005	5,774,120,281	100	— <sup>4</sup>	N/A

### Notes:

- <sup>1</sup> Employer contributions to the PERF are shown net of the reduction in actuarially determined contributions resulting from the usage of A.B. 702 credits of approximately \$323,000, \$410,000, and \$642,000 in 1997, 1996, and 1995 respectively.
- <sup>2</sup> Includes \$1.2 billion payment resulting from a court ruling of the S.B. 240 lawsuit (*Board of Administration v. Wilson*) which was appealed by the State and denied review by the California Supreme Court in May 1997. The Annual Required Contribution for 1997 is not affected by this payment.
- <sup>3</sup> Includes additional contributions made in arrears. The Annual Required Contribution is not affected by this payment.
- <sup>4</sup> Based on the June 30, 2002, 2001, 2000, 1999, 1998, and 1997 actuarial valuations, the annual required contributions for the years ended June 30, 2005, 2004, 2003, 2002, 2001, 2000, and 1999 were \$0.

# Required Supplemental Schedule of Employer Contributions (continued)

JRF Employer Contributions		JRF II Employer Contributions		VFF Employer Contributions	
Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made	Annual Required Contribution	% of Required Contributions Made
\$91,379,475	66.6%	\$1,507,116	100.0%	\$54,844	100%
133,373,900	38.1	2,956,457	102.4	162,880	100
133,754,812	42.0	5,339,054	102.2	166,708	100
139,537,660	60.6	7,297,687	100.8	124,291	100
138,895,276	53.3	7,419,121	100.6	202,395	100
162,054,610	56.2	9,572,604	101.9	193,530	100
163,772,915	39.9	11,147,294	112.0	93,889	100
189,781,088	51.9	16,640,312	92.1	497,076	100
194,487,295	55.2	18,207,531	100.2	223,224	100
189,949,846	66.9	22,819,881	92.9	211,043	100

# Notes to Required Supplemental Schedules

## 1. Actuarial Information

The information presented in the required supplemental schedules was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation is as follows.

	PERF	LRF	JRF	JRF II	VFF
Valuation Date	June 30, 2004	June 30, 2004	June 30, 2004	June 30, 2004	June 30, 2004
Actuarial Cost Method	Individual Entry Age Normal Cost	Aggregate Cost Method	Aggregate Cost Method	Aggregate Entry Age Normal Cost	Unit Credit
Amortization Method	Level Percentage of Payroll Closed	None <sup>2</sup>	None <sup>2</sup>	Level Percentage of Payroll Closed	Fixed Years
Remaining Amortization Period	30 Years for Schools, Average of 26 Years for Public Agencies, and 22 to 29 Years for the State Plans	None <sup>2</sup>	None <sup>2</sup>	Average of 30 Years	30 Years
Asset Valuation Method	Smoothing of Market Value	Smoothing of Market Value	Market Value	Smoothing of Market Value	Smoothing of Market Value
Actuarial Assumptions:					
Net Investment Rate of Return	7.75%	7.00%	7.00%	7.25%	7.50%
Projected Salary Increases <sup>1</sup>	Varies, Based on Duration of Service	3.25%	3.25%	3.25%	None
Post Retirement Benefit Increase	2% or 3% for State and schools Depending on plans System Varies 2% to 5% for Public Agencies	3.00%	3.25%	3.00%	None
<sup>1</sup> Includes Inflation at:	3.00%	3.00%	3.00%	3.00%	N/A

<sup>2</sup> The Aggregate Cost Method does not identify or separately amortize unfunded actuarial liabilities.

## Required Supplemental Schedule of Claims Development Information

The table on the next page illustrates how the HCF earned revenues and investment income compared to related costs of loss and other expenses assumed by the HCF as of the end of each of the years presented. The rows of the table are defined as follows.

- 1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues.
- 2) This line shows each fiscal year's other operating costs of the HCF, including overhead and claims expense not allocable to individual claims.
- 3) This line shows the HCF's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called *policy year*).
- 4) This section shows the cumulative amounts paid as of the end of successive years for each policy year.
- 5) This section shows how each policy year's incurred claims changed as of the end of successive years. This annual re-estimation results from new information received on known claims, as well as emergence of new claims not previously known.
- 6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

# Required Supplemental Schedule of Claims Development Information

(continued)

## Public Employees' Health Care Fund — June 30, 2005

(Dollars in Thousands)

	Fiscal & Policy Year Ended			
	1996	1997	1998	1999
1. Net Earned Required Contribution & Investment Revenues	\$340,907	\$340,596	\$359,466	\$396,255
2. Unallocated Expenses	\$27,031	\$29,796	\$26,873	\$37,869
3. Estimated Incurred Claims & Expenses, End of Policy Year	\$263,264	\$333,530	\$339,123	\$402,578
4. Paid (Cumulative) as of:				
End of Policy Year	\$187,679	\$262,248	\$269,645	\$327,336
One Year Later	236,082	312,932	316,528	373,345
Two Years Later	236,082	312,932	316,528	373,345
Three Years Later	236,082	312,932	316,528	373,345
Four Years Later	236,082	312,932	316,528	373,345
Five Years Later	236,082	312,932	316,528	373,345
Six Years Later	236,082	312,932	316,528	373,345
Seven Years Later	236,082	312,932	316,528	—
Eight Years Later	236,082	312,932	—	—
Nine Years Later	236,082	—	—	—
5. Re-estimated Incurred Claims & Expenses:				
End of Policy Year	\$263,264	\$333,530	\$339,123	\$402,578
One Year Later	236,082	312,932	316,528	373,345
Two Years Later	236,082	312,932	316,528	373,345
Three Years Later	236,082	312,932	316,528	373,345
Four Years Later	236,082	312,932	316,528	373,345
Five Years Later	236,082	312,932	316,528	373,345
Six Years Later	236,082	312,932	316,528	373,345
Seven Years Later	236,082	312,932	316,528	—
Eight Years Later	236,082	312,932	—	—
Nine Years Later	236,082	—	—	—
6. Decrease in Estimated Incurred Claims & Expenses From End of Policy Year	(\$27,182)	(\$20,598)	(\$22,595)	(\$29,233)

# Required Supplemental Schedule of Claims Development Information

(continued)

Public Employees' Health Care Fund — June 30, 2005

(Dollars in Thousands)

Fiscal & Policy Year Ended					
2000	2001	2002	2003	2004	2005
\$472,233	\$581,015	\$747,491	\$947,492	\$1,048,042	\$1,115,172
\$35,780	\$41,180	\$43,926	\$50,296	\$58,182	\$65,902
\$537,181	\$599,337	\$684,425	\$854,648	\$940,503	\$1,083,011
\$443,109	\$495,466	\$562,894	\$722,732	\$807,627	\$923,608
498,607	554,361	628,405	800,605	883,550	—
498,607	554,361	628,405	800,605	—	—
498,607	554,361	628,405	—	—	—
498,607	554,361	—	—	—	—
498,607	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
\$537,181	\$599,337	\$684,425	\$854,648	\$940,503	\$1,083,011
498,607	554,361	628,405	800,605	883,550	—
498,607	554,361	628,405	800,605	—	—
498,607	554,361	628,405	—	—	—
498,607	554,361	—	—	—	—
498,607	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
(\$38,574)	(\$44,976)	(\$56,020)	(\$54,043)	(\$56,953)	\$—





## Supporting Schedules

# Administrative Expenses — All Funds

(Dollars in Thousands)

## Personnel Services

Salaries & Wages	\$98,007
Employee Benefits	33,159
<b>Total Personnel Services</b>	<b>\$131,166</b>

## Consultant & Professional Services

State of California Agencies	\$2,755
External Consultants	34,027
Health Plan Administrator Fees	56,756
Deferred Compensation Management/Custody Fees	77
Long-Term Care Administrator Fees	15,654
<b>Total Consultant &amp; Professional Services</b>	<b>\$109,269</b>

## Operating Expenses & Equipment

General Expense	\$5,101
Software	1,818
Printing	1,671
Postage	4,088
Communications	2,364
Data Processing Services	11,781
Travel	1,558
Training	1,522
Medical Examiners	852
Facilities Operation	18,579
Central Administrative Services	7,831
CSUS Foundation - Students	2,738
Administrative Hearings	214
Consolidated Data Center	906
Equipment	162
<b>Total Operating Expenses &amp; Equipment</b>	<b>\$61,185</b>

## Other Expenses

Depreciation Expense	\$6,405
Increase in Paid Absence Obligation	4,447
Reimbursements	(2,093)
Prior Year & Other	1,077
<b>Total Other Expenses</b>	<b>\$9,836</b>

<b>Total Administrative Expenses — All Funds</b>	<b>\$311,456</b>
--	------------------

# Investment Expenses — PERF

(Dollars in Thousands)

## External Securities Management Fees & Other Fees

	Net Assets Managed at Fair Value	Fees		Net Assets Managed at Fair Value	Fees
<b>External Domestic Equity Managers</b>			<b>External Domestic Fixed Income Managers</b>		
Active Value Fund SW2P	\$167,827	\$848	AFL-CIO	\$ —	\$288
Alliance Cap Mgmt, LP/Sanford C. Bernstein SW5I	613,577	781	ING Ghent Asset Management, LLC SW7X	299,057	1,604
Atlantic Asset Management Partners SWAN	544,988	234	LM Capital Ventures SW4X	178,333	326
Blackrock International SW6I	—	50	Nomura Corporate Research & Asset Mgmt. SW7Y	392,876	1,673
CalPERS Hedge Fund Partners SW8A	734,669	631	Pacific Investment Mgmt. Co., LLC SW7W	371,460	1,563
Denali Advisors, LLC SW4S	121,789	458	Shenkman Capital Management, Inc. SW7Z	—	185
Enhanced Investment Technologies SWAY	873,576	406	Smith Breeden Associates SWAS	642,305	353
Franklin Advisors, Inc. SW8P	788,735	777	<b>Total External Domestic Fixed Income Managers</b>		<b>\$5,992</b>
Franklin Portfolio Associates SWAX	855,621	400	<b>Global Equity Managers</b>		
Geewax, Terker & Co. SW2B	474,450	493	Alliance Bernstein Institutional Inv. SW8N	\$1,263,676	\$1,039
Golden-Large Core Investments SW4L	51,049	241	Arrowstreet Capital, LP SW6M	717,963	786
Golden-Large Value Investments SW4M	216,817	1,008	Arrowstreet SW4D	124,417	167
Golden-Small Core Investments SW4J	119,752	544	Artisan Partners, LP SW6O	362,711	230
Goldman Sachs Asset Management SW8H	343,261	626	Axa Rosenberg SW5L	907,425	1,137
Goldman Sachs Small Cap SWAW	413,970	100	Baillie Gifford Overseas Limited SW6N	725,566	814
J.P. Morgan SW5G	551,367	98	Bank of Ireland SW5N	—	106
Knight Vinke Institutional Partners SW9G	85,975	5,098	Capital Guardian SW5M	510,601	754
Oak Associates, Ltd. SW1Z	331,473	478	Dimensional Fund Advisors SW7I	1,440,667	3,110
Oppenheimer Capital SW2A	—	255	GE Asset Management SW6L	—	90
Osprey Partners SW5H	497,814	752	Genesis Asset Managers SW8O	1,136,667	1,827
Pacific Alternative Asset Management Co. SWAB	—	130	Grantham, Mayo, Van Otterloo, & Co., LLC SW6J	907,623	589
Philippe Investment Management SWAQ	80,373	256	Nomura Asset Management U.S.A., Inc. SJ25	803,880	842
Progress Putnam Lovell SW4A	—	1,204	Northroad Capital Investments SWAD	227,091	1,166
Progress-Putnam Lovell Ventures SW4B	—	322	Oechsle International Advisors SJ23	—	256
Pzena Investment Mgrs., LLC SW5F	727,965	1,802	Pareto Partners (Currency Forwards) SJ70	—	2,356
Quantitative Management Associated SWAU	858,263	421	Philippe Investment Management SW4P	—	166
Relational Investors SW2R	1,082,598	4,371	Pyrford Investments SW4V	351,041	1,835
Rigel Capital LLC-Large Cap SW9U	172,559	678	Sparx Value Creation Fund SW7H	426,258	1,436
Rigel Capital LLC-Small-Mid Cap SW9V	57,950	139	State Street Bank (Currency Forwards) SW1D	—	1,302
Shamrock Governance Fund, LP SWB2	43,327	1,945	State Street Bank SW6A & SW7G	25,001,956	2,749
Shenandoah Asset Management SW4N	149,874	522	Weiss Peck & Greer, LLC SW6E	390,424	662
Smith Asset Management Group Large Cap SW9X	141,308	646	<b>Total Global Equity Managers</b>		<b>\$23,419</b>
Smith Asset Management Group Small Cap SW9Y	99,588	447	<b>Global Fixed Income Managers</b>		
Smith Graham & Company SW7O	138,680	549	Baring Asset Management SJ28	\$971,758	\$815
Strategic Investments SW4G	—	2,791	Bridgewater Associates SW5D	1,282,077	859
Strategic Ventures SW4H	—	419	Julius Baer Invest Management, Inc. SJ83	1,100,603	333
Stux Investment SWAH	215,865	1,019	Rogge Global Partners SW5B	1,257,450	936
Taiyo Fund Mgmt. Co. SW9L	374,360	901	Wellington Management Company SW5A	—	276
The Boston Company Asset Management, LLC SW2E	769,343	728	Western Asset Global Management SW5E	683,112	322
Timeless Investments SW8V	219,058	1,345	<b>Total Global Fixed Income Managers</b>		<b>\$3,541</b>
UBS Alternative and Quantitative Inv. SWAG	481,002	1,324	<b>Total External Securities Management Fees &amp; Other Fees</b>		
Westcap Investors SW7M	155,758	869			<b>\$70,463</b>
Western Asset Management Company SWAZ	548,023	405			
<b>Total External Domestic Equity Managers</b>		<b>\$37,511</b>			

## Investment Expenses — PERF (continued)

(Dollars in Thousands)

### External Securities Management Performance Fees

	Fees
<b>External Domestic Equity Managers</b>	
Franklin Advisor, Inc.	\$575
Geewax, Terker & Co.	542
J.P. Morgan	2,466
Progress Putnam Lovell	422
Pzena Investment Managers, LLC	4,638
Strategic Investments	2,594
The Boston Company Asset Management, LLC	1,489
<b>Total External Domestic Equity Managers</b>	<b>\$12,725</b>
<b>Global Equity Managers</b>	
Axa Rosenberg	\$1,256
Arrowstreet	35
<b>Total Global Equity Managers</b>	<b>\$1,291</b>
<b>Global Fixed Income Managers</b>	
Julis Baer	\$726
Rogge Global Partners	126
Western Asset Management Company	237
<b>Total Global Fixed Income Managers</b>	<b>\$1,089</b>
<b>Total External Securities Management Performance Fees</b>	<b>\$15,105</b>
<b>Total External Securities Management Fees, Performance Fees, &amp; Other Fees</b>	<b>\$85,568</b>

(Dollars in Thousands)

### Real Estate Advisors Asset Management Fees

	Net Assets Managed at Fair Value	Fees
Aetos Capital Asia	\$61,291	\$1,501
AEW Capital Management	213,453	2,009
Black Bear, Ltd.	(301)	141
Buchanan Street Advisors, LP	75,023	686
Capri Capital Management	29,582	306
CIM Urban Fund Gp. LLC	183,192	6,116
CWP Capital Advisory, LLC	113,500	5,438
DB Global	76,858	2,019
DIVCO	9,371	655
Eastern Shopping Center	(98,425)	8,112
European Property Investorsn IXIS - AEW	14,881	471
General Investment & Development	389,026	3,677
Global Innovation Partners	517,801	5,981
Great Eastern Timber Group	26,206	594
Hampshire	11,643	492
Hearthstone Housing Partners	182,561	2,458
Hines National Office Partnership (includes Int'l)	630,282	5,438
Institutional Housing Partners	355,351	20,107
Institutional Mall Investors, LLC	1,127,444	6,128
Kennedy Associates	42,057	178
KSC	1,814	38
La Salle - (includes international assets)	709,727	6,578
MacFarlane/Weyerhaeuser	251,741	23,972
Meriweather Farms	40,159	181
National Retail Partners (USRP)	(45,900)	4,675
Olympic Realty Advisors	111,342	6,999
Pacific Vineyard	70,813	970
Parcific City Homes (PCH)	54,459	5,368
Pical	5,001	4
Prudential (PLA Residential)	139,606	2,465
Residential	9,052	1,701
RLJ Urban Lodging Fund	4,615	217
RREEF include CalSmart	1,354,076	13,389
Secure Capital - Japan	76,951	1,557
Security Capital International	3,232	114
Shaddock Hammond Sr. Housing	97,574	1,850
Shea (Capital/Mountain)	126,790	710
SSR	902,131	29,109
UBS Brinson	111,227	713
Wells Fargo Housing Fund	82,823	1,917
<b>Total Real Estate Partners Asset Management Fees</b>		<b>\$175,034</b>
<b>Real Estate Partners Incentive Fees</b>		<b>\$577,133</b>
<b>Credit Enhancement Program</b>		<b>\$87</b>
<b>AIM Distributed Stock Management Fees</b>		<b>\$1,123</b>
<b>Internal Mortgage Loan Fees</b>		<b>\$1,529</b>
<b>Total Real Estate Partners, AIM, Mortgages &amp; CEP</b>		<b>\$754,906</b>

# Investment Expenses — All Funds

(Dollars in Thousands)

## Other Investment Consultants

	Net Assets Managed at Fair Value	Fees		Net Assets Managed at Fair Value	Fees
<b>Consultant Fees</b>			<b>Attorneys &amp; Master Custodian</b>		
The Altman Group		\$123	Chapman Cutler		\$176
Baara		298	Christensen		189
Blackrock		4,462	Covington & Burling		101
Blomquist & Company		103	Cox, Castle & Nicholson, LLP		504
Charles River Development		143	Foley & Lardner		51
Fan Asset Management		23	Foster, Pepper & Shefelman, PLLC		241
Garland Associates, Inc.		90	Gardner Carton		12
Glass, Lewis & Co.		118	Goldman Sachs Prime Brokerage		362
Hamilton Lane Advisors, Inc.		700	Jones Day		398
KPC Consulting Group		1,241	Kaplan Fox & Kilsheimer, LLP		19
KPMG		996	McDonough, Holland, & Allen		331
Oxford Analytica		645	McDowell, Rice, Smith & Buchanan		6
Pacific Corporate Finance		1,525	Orrick		471
Parent General Pension Cons. Spr. Fed.		135	Patton Boggs, LLP		56
PCA/Kenneth Leventhal Co.		810	Paul, Hastings, Janofsky & Walker		843
Pension Consulting Alliance		717	Pillsbury Winthrop		1,529
PricewaterhouseCoopers, LLP		1,163	Preston, Gates & Ellis		1,046
Probitas Portfolio Management, LLC		516	Rowlett Law, PPLC		19
Projects International		68	Tory's, LLP		13
R.V. Kuhns & Associates, Inc.		99	State Street Bank & Trust Company		9,988
State Street Bank & Trust Co.		383	<b>Total Attorney &amp; Master Custodian Fees</b>		<b>\$16,355</b>
State Street-Private Edge		920	<b>Total Other Investment Consultants</b>		<b>\$34,258</b>
Strategic Investment Solutions		7	<b>Miscellaneous Investment Expenses</b>		<b>\$129,286</b>
Verite		450	<b>Directed Brokerage Expense</b>		<b>\$6,325</b>
Wilshire Associates		2,168	<b>Total Investment Expenses — PERF</b>		<b>\$1,010,343</b>
<b>Total Consultant Fees</b>		<b>\$17,903</b>	<b>Total Investment Expenses Other Funds</b>		
			Brown Capital Management - IRC 457	\$40,474	\$59
			CalPERS Management Services - IRC 457	172,432	478
			CitiStreet - IRC 457	408,107	1,162
			Calif. Dept. of Personnel Admin. - IRC 457	85,499	94
			State Street Global Advisors - SPOFF	236,951	1,319
			<b>Total Investment Expenses — All Funds</b>		<b>\$1,013,455</b>

## Consultant and Professional Services Expenses — PERF

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
Trinity Technology Group, Inc.	\$3,332	Enterprise Modeling and Mgmt. Business Intelligence Initiative; CDB Health Object Modeling/Data Structure Support
Medstat Group	2,200	Health Care Decision Support System
State Controller's Office	1,833	Expedite Processing Fees; Combined Warrant Services; Calif. Leave Acctg. System
Financial Finesse	1,501	Financial Planning Education Services
Softsol Resources, Inc.	1,359	Provide Conversion Tool and Application Development Resources to Convert and Migrate the CDB
Business Advantage Consulting	1,291	Requirements Analysis Services; Business Analysis Support
Software AG, Inc.	1,126	Annual Member Statements; Software for Backbridge Decommissioning Project
Oracle USA, Inc.	1,107	Oracle Database Administration Support
Kearnford Application Systems Design	1,075	CRS Project Data Cleanup
Delegata	1,021	ACES Payroll Edits Knowledge Transfer
CGI-AMS FDDB Synergy Consulting, Inc.	957	Employer and Participant Application Developer; T-Log and ACES Process Support
ADSI, Inc.	937	Support of Application System Support; Data Administration, Health Support
Princeton Solutions Group, Inc.	857	Corporate Database Java Architecture Support and Release Manager
Eclipse Solutions, Inc.	779	Pension System Resumption (PSR) Project Management Svcs.; Consulting Svcs. for Comprehensive Enterprise Web Strategy
Mercer Human Resource Consulting	724	Health Benefit, Medical Mgmt. and Pharmaceutical Benefit Mgmt. Consulting
Conrad & Associates	699	Real Estate Compliance & Construction Audits
Lussier, Vienna, Gregor & Associates	515	Federal Legislative Representative
KPMG, LLP	513	Contracting Process Improvement Project
KT Consulting	501	Consulting Services for Retirement Planning
Covansys	447	Corporate Database (CDB) Environment Support; Oracle DBA Support
Comsys	440	Mainframe Systems Administrator
Gabriel, Roeder, Smith Co.	427	Annual Valuations System; Proprietary Software Support
Information Technology SW Professional	425	PeopleSoft Technical Resource for 8.8 Upgrade; Maintenance Programming Svcs. on Mainframe Applications
Visionary Integration, Inc.	417	Requirements Analysis Services for PSR Project
Shooting Star Solutions, LLC	401	Alternative Procurement Project Oversight
AON Consulting	375	Health Actuarial and Health Benefits Consulting
Pyramid Technical Consultants, LLC	360	Equity Order Management System; User Acceptance Test Analysis
Engage Integrated Systems Technology	346	Disaster Recovery Planning Services
Vignasoft Information Technologies, Inc.	333	PeopleSoft Upgrade/HR Developer; Production Support Agile IT Support
Global Access, LLC	333	Oracle Database Access Support; Actuarial Valuation Database Support
Deloitte & Touche	323	Audit Services; Health Benefit Consulting Services
Stealth Network Communication	319	Interactive Voice Response; Technical Assessment Research
Seebeyond	310	Enterprise Application Integration Services
Tek Systems, Inc.	310	Member Self Services Database Support
Buck Consultants	280	360 Degree Leadership Development Program
Cooperative Personnel Services	277	Facilities Support Feasibility Analysis Project; Human Resources Svcs. Project
Wirestone	264	Web Reengineering Project; Marketing Services
Stanfield Systems, Inc.	257	Data Center Support; Mainframe Systems & 3rd Party Software Administrator
Moore Wallace Business Communications Services	252	Open Enrollment Processing and Distribution
Moore Wallace North America, Inc.	250	Process Member Statements; Mass Mailing & Printing Services; Board Elections
Russbo, Inc.	243	Requirements Analysis for Pension System Resumption Project (PSR)
Spherion Pacific Enterprises, LLC	241	Automated Communication Exchange Database; Oracle Database Access Support
Murphy Austin Adams Schoenfeld, LLP	225	Provide Legal Services to the Board in Connection with the R Street Project
Kong Consulting, Inc.	213	Consulting Services for PeopleSoft Financials Upgrade
EFI Actuaries	205	Asset Allocation Workshop; Actuarial Auditing Svcs.
Step toe & Johnson, LLP	194	Tax Counsel
Saber Consulting, Inc.	192	Death Benefits Workflow Project
Roberta Almeida	193	RIBS Legacy Support Pre and Post Retirement Death Benefits Processes

## Consultant and Professional Services Expenses — PERF (continued)

(Dollars in Thousands)

Individual or Firm	Fee	Nature of Service
Access Data Corp.	189	Investment Acctg. and Reconciliation Maintenance; Powerbuilder and Oracle Developer
Turner Construction	188	Provide Construction Management Services for the R Street Project
Govsec, Inc.	181	Information Security Office Consulting Services
CJS Consulting, Inc.	180	Legacy Mainframe Applications
Roberta Reagan, Inc.	170	Legacy System Support; Mainframe Enhancement
Wright On-Line Systems	167	Oracle DBA Support to the Computer Telephony Integration Database
Regents of the University	165	Training Courses
Advanced Programming Institute	163	Data Administration Maintenance and Project Support; Data Modeling Support
Sacramento Municipal Utility District	157	On-Site & Off-Site Network Line Extension for the R Street Project
Viasphire	157	Writing and Editing Services
Mara Consulting	156	Maintenance Programming Services for Legacy Mainframe Applications
Intersoft Systems and Programs, Inc.	150	Maintenance Programming Services for Legacy Mainframe Applications
Kendall Concepts	143	Production Services
Net Works Corporation	135	Radia Patch Management; HP Management Suite for Desktops Using Radia
Abltek, Inc.	124	Maintenance Programming Services for Powerbuilder Applications
Rapidigm, Inc.	120	PeopleSoft Financials Support
Alliance for Strategic Leadership	119	Leadership Development Program
DSS Research, Inc.	113	Member Satisfaction Survey
Herman, Mathis, Casey, Kitchens & Gerel, LLP	113	Audit Contract
Systems Consulting Consortium, Inc.	113	Strategic Information Systems Plan
Firestar Productions	110	Video Productions
Intraform	96	Board Elections Services
Ridgeway Partners, LLC	95	Executive Search Services
State Personnel Board	95	Consolidated Examination Services
Results Group	91	Leadership Management Training
Two Shea Consulting, Inc.	83	Annual Member Statements
Lance Jackson Enterprise	83	Legacy Mainframe Applications Support
Office Workouts	70	Aerobic Instruction
PM/CM Services, Inc.	69	Construction Project Management for Offsite Parking Project
Eagle Management Group	68	CalPERS Exhibition Booth Maintenance
Peters Shorthand Reporting	65	Court Reporting
Hay Group, Inc.	59	Employee Survey and Research
Dee Hansford Consulting	59	All Staff Training
PBGH	58	Web-Based Health Plan Chooser Tool
Adcom Media	58	Video Production Services
Whitehead Mann	51	Executive Search
Levy, Ram & Olson, LLP	49	Student Assistants
Access Enterprise	49	PeopleSoft Training, Issue Resolution, Data Cleanup and Preparation for 8.8 Upgrade
Michael Consulting Group	47	Survey and Research Services
Cooper, Robert K., Ph.D.	46	Speaker at CalPERS Annual Managers' and Supervisors' Forum
Cedar Enterprises Solutions, Inc.	45	Application, Business Analysis, and Enhancement
DPS Network, Inc.	44	Disaster Recovery
Runyon, Saltzman & Einhorn, Inc.	36	Writing, Editorial & Marketing Services
Foster, Pepper & Sheffelman, PLLC	36	Provide Legal Services to the Board in Connection with the AIM Program
Netresult, LLC	36	Digital Imaging Process for all Forms and Documents
McDonough, Holland & Allen	35	Outside Legal Counsel for R Street Project
Sheehan Associates	35	Message Development and Media Training
Hoyt Company	33	Transportation Services
Felderstein, Willoughby & Pascuzzi, LLP	33	Bankruptcy Counsel
Leading Resources, Inc.	32	Strategic Planning, Organizational Change Mgmt. and Leadership Development
SF Video, Inc.	28	Video Production Services
Access Data	26	PeopleSoft Training, Issue Resolution, Data Cleanup and Preparation for 8.8 Upgrade
Meta Group, Inc.	25	Consulting Services to Develop a Channel Management Strategy

# Consultant and Professional Services Expenses — PERF (continued)

(Dollars in Thousands)

<b>Individual or Firm</b>	<b>Fee</b>	<b>Nature of Service</b>
Transvideo Studios	25	Video Services
ATV Video Center	24	Audio Visual Support Services
Incentive & Destination Management	23	Conference Planner
Pacific Gas and Electric	23	Services Related to R Street Project
Watson Wyatt Worldwide	23	Recruiting Services
Other	638	
<b>Total Consultant &amp; Professional Services</b>	<b>\$36,783</b>	



## Investment Section

Weaving the best retirement and financial security possible for our members and their beneficiaries for years to come.

# Chief Investment Officer's Letter



**Investment Office**  
P.O. Box 2749  
Sacramento, CA 95812-2749

June 30, 2005

On behalf of CalPERS Investment Operations, I am pleased to present reports on the pension fund's investments, California investments, and our investment performance for the period ended June 30, 2005. This data was compiled by our Investment Operations staff, our pension consultant Wilshire Associates, and our master custodian State Street Bank & Trust. It is presented in accordance with statutes found in the Retirement Law. We voluntarily follow Association for Investment Management and Research performance and ethics standards.

We earned a 12.3 percent return on our investments for the one-year period ended June 30, 2005, raising our portfolio market value to a record \$189.8 billion.

We exceeded our total fund benchmark by 1.35 percent, and added \$23.5 billion to the fund. Nearly \$2.5 billion of that amount was generated by our investment staff's value-added decisions, taking advantage of unique opportunities that presented themselves during the year.

The positive gain for the fiscal year strengthened our long-term performance. Annually compounded over the past 10 years, CalPERS investment portfolio returned 9.3 percent through June 30, 2005.

At the year end, U.S. and international stocks represented approximately 63 percent of CalPERS assets. U.S. and international bond investments represented 26 percent; real estate 6 percent and private equity investments represent 5 percent of assets.

We continued to invest in the State of California, providing a strong economic boost for California's growth. At the end of the year, we had nearly \$20.6 billion invested or committed for investment in California entrepreneurial businesses, real estate, housing, urban infill, and stocks and bonds in corporations that make California their home.

We enhanced our outreach to underrepresented groups during the year to ensure that we were working with the broadest possible investment talent, perspectives, and experiences. We also implemented a number of environmental initiatives aimed at achieving positive financial returns, while fostering sustainable growth and sound environmental practices.

And finally, restoring investor confidence and reforming the U.S. markets became one of our top priorities. We worked diligently to rout out corporate fraud and greed embarking on a number of financial market reform initiatives. Our goal was to protect and strengthen our shareowner rights, our investments, and our members' financial future.

Sincerely,

A handwritten signature in cursive script that reads "Mark Anson".

Mark J.P. Anson, Ph.D., CFA, CPA, Esq.  
Chief Investment Officer

**California Public Employees' Retirement System**  
**Lincoln Plaza-400 Q Street-Sacramento, CA**

# Summary of Investments — PERF

As of June 30, 2005

Category	Book Value	Market Value	% of Investments at Market Value
<b>Cash Equivalents &amp; Receivables/Payables</b>			
<b>Domestic Cash Equivalents</b>	<b>\$4,017,363,648</b>	<b>\$4,015,093,447</b>	<b>2.13%</b>
<b>International Cash Equivalents</b>			
Cash Equivalents	28,783,125	28,801,359	0.02
International Currency	1,267,167,726	1,217,102,701	0.64
<b>Total International Cash Equivalents</b>	<b>\$1,295,950,851</b>	<b>\$1,245,904,060</b>	<b>0.66%</b>
<b>Net Investment Receivables/Payables</b>	<b>(\$4,939,625,237)</b>	<b>(\$4,939,625,237)</b>	<b>(2.61%)</b>
<b>Total Cash Equivalents &amp; Receivables/Payables</b>	<b>\$373,689,262</b>	<b>\$321,372,270</b>	<b>0.18%</b>
<b>Fixed Income</b>			
<b>Domestic Fixed Income</b>			
Asset-Backed	\$7,219,938,234	\$7,230,776,964	3.83%
Corporate	10,444,992,638	11,361,713,244	6.01
U.S. Treasuries & Agencies	12,642,267,554	13,106,541,658	6.94
Direct Loans	302,668,097	295,623,840	0.16
Mortgage Loans	580,437,093	595,411,307	0.32
Mortgage-Backed Securities			
CMO	2,739,968,249	2,732,360,658	1.45
FHLMC	7,137,869,868	7,211,835,398	3.82
FNMA	7,137,938,090	7,169,479,966	3.79
GNMA I/GNMA II	119,432,656	120,376,745	0.06
<b>Total Domestic Fixed Income</b>	<b>\$48,325,512,478</b>	<b>\$49,824,119,780</b>	<b>26.38%</b>
<b>International Fixed Income</b>	<b>\$4,331,089,316</b>	<b>\$4,516,658,306</b>	<b>2.39%</b>
<b>Total Fixed Income</b>	<b>\$52,656,601,794</b>	<b>\$54,340,778,086</b>	<b>28.77%</b>
<b>Equity</b>			
<b>Domestic Equity</b>	<b>\$44,652,408,038</b>	<b>\$76,043,988,158</b>	<b>40.25%</b>
<b>International Equity</b>	<b>\$31,046,516,204</b>	<b>\$38,794,229,638</b>	<b>20.53%</b>
<b>Alternate Investment Management Program</b>			
Direct Component Investments			
Co-Investments	202,330,525	85,778,610	0.05
Direct Investments	346,750,486	288,812,564	0.15
Investment Vehicles	2,009,111,463	1,672,068,200	0.89
Limited Partnership Investments			
Domestic	8,010,758,561	7,365,250,685	3.90
International	459,709,493	437,055,485	0.22
<b>Total Alternate Investment Management Program</b>	<b>\$11,028,660,528</b>	<b>\$9,848,965,544</b>	<b>5.21%</b>
<b>Total Equity</b>	<b>\$86,727,584,771</b>	<b>\$124,687,183,340</b>	<b>65.99%</b>
<b>Real Estate Programs</b>			
Domestic Real Estate	\$7,102,765,191	\$9,373,797,974	4.96%
International Real Estate	203,568,880	203,339,067	0.10%
<b>Total Real Estate Programs</b>	<b>\$7,306,334,071</b>	<b>\$9,577,137,041</b>	<b>5.06%</b>
<b>Total Investment Value</b>	<b>\$147,064,209,897</b>	<b>\$188,926,470,738</b>	<b>100.00%</b>

**Note:**

Differences between Total Investment Value in the Summary of Investments and Total Investments shown on page 30 are due to differences in reporting methods. In accordance with GASB Statement No. 28, the financial statements include Securities Lending Collateral as part of Total Investments, which is not included here. The Summary of Investments also includes Net Investment Receivables/Payables that are not reported on page 30 in Total Investments.

## Investment Performance — PERF

Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, 5-year, and 10-year time-weighted rates of return for the year ended June 30, 2005, are:

### CalPERS Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	10-Year Return	Index	1-Year Return	3-Year Return	5-Year Return	10-Year Return
<b>Total Fund</b>	<b>12.3%</b>	<b>10.7%</b>	<b>3.4%</b>	<b>9.3%</b>	Asset Allocation Policy Index <sup>1</sup>	11.4%	10.1%	2.8%	8.7%
					Actuarial Rate	7.8%	7.9%	8.0%	8.2%
					Trust Universe Comparison Service (TUCS) Public Fund Median	9.4%	9.5%	3.5%	9.0%
					Wilshire Large Fund Universe Median	12.7%	10.7%	3.5%	9.5%
Domestic Equity	7.3%	9.6%	(1.2%)	10.1%	PERS Wilshire 2500 Tobacco-Free Index	7.6%	9.5%	(1.7%)	9.8%
International Equity <sup>2</sup>	17.5%	11.9%	0.1%	6.9%	PERS SSGA Custom Venture Economics Custom Young Fund Universe	16.9%	13.7%	0.5%	4.8%
Alternative Investments/ Private Equity	23.1%	7.5%	(0.1%)	—		12.2%	2.6%	(5.4%)	—
<b>Total Equity <sup>3</sup></b>	<b>11.5%</b>	<b>10.2%</b>	<b>(0.6%)</b>	<b>9.5%</b>					
Domestic Fixed Income	11.0%	9.4%	9.4%	8.1%	Lehman Long Liability Index	11.3%	8.3%	9.1%	7.8%
International Fixed Income	8.4%	11.6%	8.2%	5.8%	Lehman World Government Bond, ex U.S.	7.8%	11.0%	7.9%	4.8%
<b>Total Fixed Income</b>	<b>10.8%</b>	<b>9.9%</b>	<b>9.3%</b>	<b>7.8%</b>					
Real Estate	30.2%	15.6%	14.3%	13.0%	NCREIF <sup>4</sup>	15.6%	10.7%	10.2%	11.0%
Cash Equivalents	2.2%	1.7%	3.0%	4.4%	Custom Short-Term Investment Fund <sup>5</sup>	2.0%	1.5%	2.6%	4.0%

Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

Additional information on CalPERS investment policies, operations, investment results, and detailed asset information can be found in the accompanying 2005 Operations Summary and on the CalPERS Web site.

#### Notes:

<sup>1</sup> The Asset Allocation Policy Index return equals the return for each asset class benchmark, weighted at the current target asset allocations.

<sup>2</sup> Includes currency overlay.

<sup>3</sup> Includes alternative investments, domestic, international, and private equities.

<sup>4</sup> National Council of Real Estate Investment Fiduciaries, index on a quarter lag.

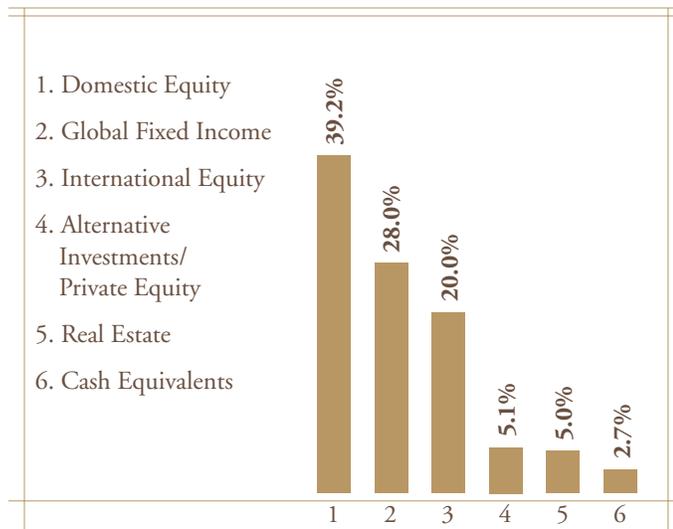
<sup>5</sup> The Custom STIF Policy Index is a custom index maintained by SSGA.

# CalPERS Asset Allocations — PERF

(Dollars in Billions)

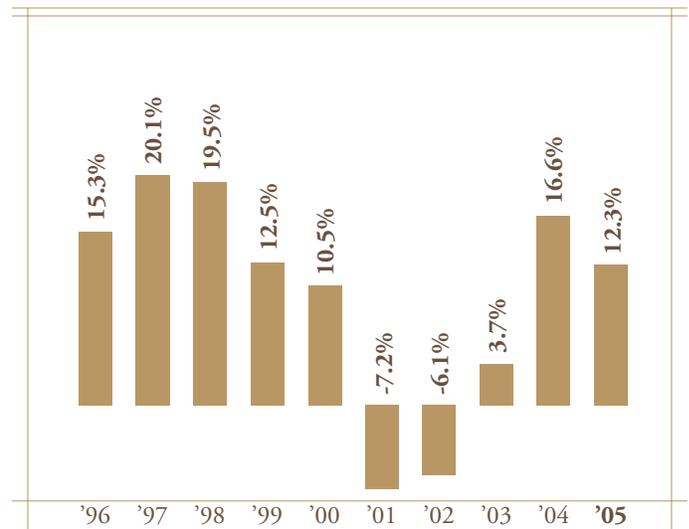
Asset Class	Market Value	Current Allocation	Current Target <sup>1</sup>	Previous Target
Cash Equivalents	\$5.3	2.7%	0.0%	0.0%
Global Fixed Income	\$54.3	28.0%	26.0%	26.0%
<b>Equity</b>				
Domestic	\$76.0	39.2%	40.0%	39.0%
International	38.8	20.2%	20.0%	19.0%
Alternative Investments/Private Equity	9.8	5.1%	6.0%	7.0%
<b>Total Equity</b>	<b>\$124.6</b>	<b>64.3%</b>	<b>66.0%</b>	<b>65.0%</b>
<b>Total Real Estate</b>	<b>\$9.6</b>	<b>5.0%</b>	<b>8.0%</b>	<b>9.0%</b>
<b>Total Fund</b>	<b>\$193.8<sup>2</sup></b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Investment Mix by Class



## Total Fund Performance

10-Year Review, One-Year Returns



### Notes:

<sup>1</sup> Target allocation effective January 1, 2005.

<sup>2</sup> Differences between investment values above and the values on the Summary of Investments on page 79 are due to differences in reporting methods. The Summary of Investments includes Net Investment Receivables/Payables.

## Portfolio of California Investments at Market Value — PERF

(Dollars in Millions)

Category	California Investments
<b>Real Estate</b>	
<b>Real Estate Mortgages</b>	
AFL-CIO Housing Investment Trust	\$62.5
California Community Mortgage Fund	35.1
Commercial (Whole Loans/Mortgage-Backed Securities)	165.0
Member Home Loan Program	—
Ullico	17.5
<b>Total Real Estate Mortgages</b>	<b>\$280.1</b>
<b>Real Estate Equity</b>	
AFL-CIO Building Investment Trust	\$23.1
CORE - Equity	3,490.1
PREES-REITS	277.3
Catellus	160.8
Senior Housing	50.3
California Urban Real Estate	
Pacific City Homes	54.4
Bridge	29.7
Buchanan Urban Investors	80.7
CalSmart	84.2
Capri Capital Partners	29.6
CIM	1,310.0
CUIP	236.2
Institutional Housing Partners IV	7.0
Kennedy Office Development	37.1
Klein Financial Corporation JV	2.4
Legacy Partners	11.3
R Street Residential	7.2
Housing	
Acquisition & Development	27.0
National Housing	342.7
Single Family Housing	54.3
Technology	96.9
Natural Resources	
Agricultural	69.1
Opportunistic	
DIVCO West	1.9
<b>Total Real Estate Equity</b>	<b>\$6,483.1</b>
<b>Total Real Estate Mortgages &amp; Equity</b>	<b>\$6,763.2</b>
<b>Equity</b>	
Alternative Investment Management Program/Partnership Component	\$1,500.0
Domestic Equity	9,823.8
International Equity	—
<b>Total Equity</b>	<b>\$11,323.8</b>
<b>Total Real Estate &amp; Equity</b>	<b>\$18,087.0</b>
<b>Cash Equivalents</b>	<b>\$ —</b>

# Portfolio of California Investments at Market Value — PERF (continued)

(Dollars in Millions)

Category	California Investments
<b>Domestic Fixed Income</b>	
Corporate Bonds	\$384.0
Mortgage Pass-Throughs/CMOs	2,600.8
External Managed	—
Treasury Bonds	—
<b>Total Domestic Fixed Income</b>	<b>\$2,888.7</b>
<b>International Fixed Income</b>	<b>\$ —</b>
<b>Total Global Fixed Income</b>	<b>\$2,888.7</b>
<b>Total Investments</b>	<b>\$20,975.7</b>

# Largest Stock and Bond Holdings at Market Value<sup>1</sup> — PERF

## Largest Stock Holdings

(Dollars in Thousands)

Rank	Company	Shares	Market Value
1	General Electric Company	51,576,070	\$1,787,110,825
2	Exxon Mobil Corporation	31,047,048	1,784,273,848
3	Microsoft Corporation	54,610,687	1,356,529,465
4	Citigroup, Inc.	26,163,613	1,209,543,828
5	Pfizer, Inc.	36,667,247	1,011,282,672
6	Wal-Mart Stores, Inc.	20,666,120	996,106,984
7	Johnson & Johnson	14,321,922	930,924,930
8	Bank of America Corporation	19,798,758	903,021,352
9	Intel Corporation	32,174,632	838,470,909
10	American International Group, Inc.	12,329,518	716,344,995

## Largest Bond Holdings

(Dollars in Thousands)

Rank	Company	Par Value	Market Value
1	Federal Home Loan Mortgage Corporation 5.0% due 12/01/99	\$888,945,619	\$886,931,623
2	United States Treasury Bonds 5.375% due 02/15/31	698,600,000	824,676,321
3	Federal National Mortgage Association 4.5% due 12/01/99	805,000,000	801,352,384
4	United States Treasury Notes 4.0% due 06/15/09	611,500,000	618,073,606
5	Federal National Mortgage Association 5.0% due 12/01/99	614,820,823	614,772,805
6	United States Treasury Notes 4.875% due 02/15/12	573,450,000	609,135,793
7	United States Treasury Bonds 7.125% due 02/15/23	421,500,000	569,754,211
8	United States Treasury Bonds 6.25% due 08/15/23	420,200,000	523,800,305
9	Federal Home Loan Mortgage Corporation 5.5% due 12/01/99	515,000,000	522,121,471
10	United States Treasury Bonds 8.875% due 02/15/19	321,500,000	477,957,952

A complete list of portfolio holdings is available upon request.

### Note:

<sup>1</sup> CalPERS no longer produces a separate Annual Investment Report. All the information previously included in that separate volume is now contained in this report and the accompanying Operations Summary. A complete listing of portfolio holdings is available on the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

# Schedule of Commissions and Fees — PERF

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount	Broker	Number of Shares Traded	Base Commission & Fees Amount
Great Pacific Securities, Inc.	5,397,726,723	\$3,193	Liquidnet, Inc.	5,622,236	\$167
Citigroupglobal Markets, Inc.	123,119,163	1,462	Deutsche Securities Asia, Ltd.	43,476,990	166
Lehman Brothers, Inc.	112,994,017	1,378	Clsa Securities Korea, Ltd.	1,765,179	160
Goldman Sachs & Company	333,378,148	1,151	Oien Securities, Inc.	7,685,717	155
Merrill Lynch, Pierce, Fenner & Smith, Inc.	56,647,198	1,095	ABN Amro Asia, Ltd.	23,699,014	151
Jefferies Company, Inc.	30,310,577	967	Baird, Robert W. & Company, Inc.	2,620,547	148
Credit Suisse First Boston Corporaton	88,545,865	929	Charles Schwab Company, Inc.	3,116,892	147
Bear Stearns & Company, Inc.	31,233,144	875	O'Neil, William and Company, Inc./BCCC Clrg	2,876,655	145
Investment Technology Group, Inc.	52,693,183	860	Cimb Securities Sdn Bhd	16,100,7005	139
Great Pacific Securities Trading	27,319,860	704	Fulcrum Global Partners, LLC	5,835,155	133
Cantor Fitzgerald & Company	24,976,828	662	Salomon, Smith, Barney, Korea, Ltd.	951,050	133
Morgan Stanley Company, Incorporated	83,175,694	654	Loop Capital Markets, LLC	3,962,405	130
Lehman Brothers International (Europe)	328,369,134	654	UOB Kay Hian Private, Ltd.	15,809,700	126
Citigroupglobal Markets, Ltd.	1,702,735,250	616	Kabrik Trading, LLC	6,145,402	124
Instinet	22,276,888	584	Neuberger and Berman	6,574,779	124
Goldman Sachs International			BNY Brokerage	2,925,350	119
Finance London	27,249,160	570	J.P. Morgan Securities (Far East), Ltd., Seoul	689,073	114
Merrill Lynch, Pierce, Fenner & Smith	366,386,155	557	S.G. Cowen & Company, LLC	3,317,376	112
Investment Technology Group, Ltd.	49,376,000	550	Kotak Securities	3,919,153	112
Deutsche Bank Securities, Inc.	142,916,584	530	Sanders Morris Mundy	5,407,824	112
Prudential Equity Group	17,715,704	500	Citigroupglobal Markets, Inc./		
Gunnallen Financial	25,050,219	483	Salomon Brother	21,109,813	111
UBS Securities, LLC	15,371,796	466	Pershing DLJ S L	13,535,494	109
Societe Generale London Branch	22,426,918	444	Credit Agricole Indosuez Cheuvreux	16,286,751	105
Goldman Sachs Execution & Clearing	17,543,954	429	Merrill Lynch Japan Securities Company	335,600	105
Lynch, Jones, and Ryan, Inc.	9,547,322	410	Pacific American Securities, LLC	4,761,892	105
Bear Stearns Securities Corporation	64,446,689	405	Guzman & Company	4,236,228	104
Morgan Stanley and Company, International	17,407,053	349	Magavceo, Lee & Company	4,917,025	101
UBS AG London	418,126,941	343	Cantor Fitzgerald Europe 2	23,963,331	99
Merrill Lynch International	235,988,401	342	Credit Suisse First Boston (Europe)	382,692	98
Abel Noser Corporation	13,801,445	339	S.S. Kantilal Ishwarlal Securities	3,900,251	91
Deutsche Bank AG London	16,889,410	321	Cibc World Markets Corporation	2,180,440	90
BNY Brokerage, Inc.	12,018,405	312	Davis, Mendel and Regenstein	2,980,777	88
J.P. Morgan Securities, Inc.	8,819,997	309	Boston Institutional Services	1,674,090	85
UBS AG	930,124,842	302	Credit Lyonnais Securities	59,963,350	84
DSP Merrill Lynch, Ltd.	8,648,105	265	Enam Securities Private, Ltd.	2,029,794	80
Broadcortcapital (THRU ML)	6,707,6275	249	Edwards AG Sons, Inc.	1,585,761	78
Warburg Dillion Read (Asia), Ltd.	26,948,341	240	Merrill Lynch Professional		
Leerink, Swann and Company	10,071,205	239	Clearing Corporation	2,572,560	78
National Financial Services Corporation	17,655,801	236	JMP Securities	3,524,354	75
Credit Suisse First Boston (Europe), Ltd.	28,710,975	234	CS First Boston (Hong Kong), Ltd.	27,238,481	75
HSBC Bank, PLC	12,133,777	232	Fiserv Securities, Inc.	4,371,911	75
Weeden & Company	7,172,448	231	Bridge Trading	2,340,201	71
Sanford C. Bernstein Company, LLC	5,411,747	228	ISI Group, Inc.	1,436,555	71
Legg, Mason, Wood, Walker, Inc.	8,158,956	228	B-Trade Services, LLC	3,294,102	68
La Branche Financial #2	6,533,491	215	Collins Stewart & Company	2,580,410	66
Jones & Associates, Inc.	8,644,503	214	Brockhouse & Cooper, Inc. Montreal	5,610,660	66
Banc/America Securities,			Credit Lyonnais Securities Asia/Guernsey	17,915,608	66
LLC Montgomery Division	8,995,061	210	Griswold Company	1,676,100	65
Knight Securities	6,354,215	201	ABN Amro Bank NV	5,971,659	65
Thomas Weisel Partners	7,740,164	200	Seslia Securities	3,129,689	64
Nomura Securities International, Inc.	14,345,859	200	Wachovia Capital Markets, LLC	1,921,180	64
Citation Group	3,732,499	186	Credit Lyonnais Securities (Asia)	10,909,371	63
Kleinworth, Benson Securities, Ltd.	25,295,628	185	Factset Data Systems (Thru Bear Stearns)	1,240,318	63
J.P. Morgan Securities, Ltd.	6,637,928	183	Merrill Lynch	3,068,194	61
Fidelity Capital Markets	5,102,644	179	Dresdner Kleinwort Benson North America	2,168,774	61
J.P. Morgan Securities, Inc.	201,657,436	174	ABM Ambro Hoare Govett Asia, Ltd., Seoul	632,720	58
Morgan Stanley India Securities Private, Ltd.	3,860,102	170	Salomon, Smith, Barney, and India Private	2,909,028	58
Pulse Trading, LLC	6,359,914	169	ING Baring Securities, Ltd., Seoul	478,427	58

## Schedule of Commissions and Fees — PERF (continued)

(Dollars in Thousands)

Broker	Number of Shares Traded	Base Commission & Fees Amount	Broker	Number of Shares Traded	Base Commission & Fees Amount
Morgan Stanley and Company, Intl.			DBS Securities Pte., Ltd.	6,350,750	\$33
Taipei Metro	8,102,291	\$57	BHF Securities Corporation	5,867,527	33
Credit Lyonnais Securities (USA), Inc.	1,810,312,307	56	Goldman Sachs	2,480,163	32
J.P. Morgan Securities (Asia Pacific), Ltd.	5,747,760	56	Daiwa Securities America, Inc.	1,403,621	32
Goldman Sachs Money Markets, Inc.	1,063,553	54	Instinet U.K., Ltd.	8,054,996	32
Macquarie Securities (Thailand), Ltd.	2,550,000	53	Deutsche Bank, AG	555,893	32
Cazenove & Company	6,258,222	52	Wells Fargo Securities, LLC	625,350	31
Rosenblatt Securities, Inc.	2,522,350	52	First Clearing, LLC	671,200	30
ABN Amro Securities (USA), Inc.	2,281,943	51	Sanford C. Bernstein, Ltd.	1,388,619	30
G.K. Goh Stockbrokers Pte., Ltd.	7,561,200	51	Julius Baer Brokerage Zurich Branch	104,390	30
Nesbitt Burns	1,454,838	50	Rochdale Securities Corporation		
Miller Tabak & Company, LLC	3,163,866	50	(Cls Thru 443)	706,200	30
Pershing Securities, Ltd.	3,333,821	49	Arnhold, S. Bleichroeder, Inc.	1,418,366	29
UBS Financial Services, Inc.	1,266,933	49	Spear, Leeds & Kellogg	2,888,300	29
ABN Amro Equities (UK), Ltd., London	5,115,577	49	Neue Zurcher Bank	2,888,300	29
Exane, SA	696,737	48	Warburg Dillon Read Securities, Ltd.	359,220	29
Hwang-DBS Securities Berhad	22,065,100	48	Icici Brokerage Services	1,883,780	29
JNK Securities, Inc.	2,389,800	48	Macquarie Equities, New York	4,408,900	28
JM Morgan Stanley Securities Pte., Ltd.	1,099,100	47	Rooshnil Securities Private, Ltd.	1,469,112	28
Macquarie Equities, Ltd. (Sydney)	5,089,099	47	BNP Paribas Peregrine Securities, Ltd., Asia	3,481,500	27
Standard & Poors Securities, Inc.	897,389	46	Needham & Company	559,102	27
Westminster Research Association	753,300	45	Julius Baer Brokerage	534,038	27
UBS Warburg Securities, Ltd., Taiwan Branch	9,326,607	45	HC Istanbul	241,887,035	26
Deutsche Bank Securities	5,803,570	45	USCC/Santander	609,100	26
Magna Securities Corporation	1,978,967	45	Dowling & Partners Securities, LLC	552,240	26
Morgan Keegan & Company, Inc.	894,257	43	Suntrust Capital Markets, Inc.	585,590	26
Concorde Ertekpapir Ugynokseg Rt.	1,280,833	43	William Blair & Company, LLC	505,668	25
Credit Lyonnais Securities (Asia)	3,957,200	43	Keefe, Bruyette & Woods, Inc.	504,000	25
Adams Harkness & Hill, Inc.	827,887	42	S.S. Kantilal Ishwarial Securities Private, Ltd.	844,753	25
RBC Dominion Securities, Inc.	1,093,688	42	Fox-Pitt Kelton, Ltd.	510,127	25
Kim Eng Securities Pte., Ltd., Singapore	1,006,600	42	Banco De Investimentos Credit	158,503,900	25
Banc of America Securities, LLC	2,080,100	41	Factset Data Systems, Inc.	488,100	24
Investec Securities	1,531,700	41	Mizuho Securities USA, Inc.	1,051,221	24
U.S. Bancorp, Piper, Jaffray, Inc.	1,064,565	41	J.P. Morgan India Private, Ltd.	469,000	24
Scotia Capital (USA), Inc.	1,150,299	41	Janney, Montgomery & Scott, Inc.	572,540	24
Pershing, LLC	1,257,654	41	Friedman, Billings & Ramsey	464,930	23
Deutsche Equities In Private, Ltd. DB	877,828	40	Quaker Securities, Inc.	1,098,412	22
First Albany Capital, Inc.	1,610,909	40	Access Securities, Inc.	552,800	22
Pacific Crest Securities	788,241	40	Brochouse Cooper	901,400	22
Samsung Securities Company, Ltd.	310,688	39	UBS Securities Asia, Ltd.	3,483,964	22
Williams Capital Group (The)	1,928,656	39	Wachovia Securities, LLC	701,709	22
Wilshire Associates, Inc.	816,100	39	Investec Bank (UK), Ltd.	682,053	21
Capital Institutional Services, Inc. Equities	1,153,680	39	Burlington Capital Markets	691,160	21
Nomura International, PLC	3,049,070	38	Nordic Partners	446,360	21
Instinet Clearing Services, Inc.	1,025,400	38	CA IB Investment Bank, AG	50,710	20
Natexis Bleichroeder, Inc., NY	6,474,204	38	J.P. Morgan	1,363,868	20
UBS Securities	5,732,867	37	J.B. Were and Son, Inc.	1,671,469	20
SBC Warburg London	6,428,852	36	Pacific Growth Equities	421,200	20
Hoare Govett (India) Securities Private, Ltd.	911,746	36	Enskilda Securities, AB	784,130	20
BNY Direct Execution	1,665,495	36	UBS Warburg, LLC	43,440,300	20
Deutsche Bank	5,738,420	36	Sidoti & Company, LLC	405,821	20
State Street Brokerage Services	1,114,478	36	US Clearing Institutional Trading	695,960	19
ABG Securities	790,500	36	HSBC Securities, Inc.	366,240	19
Banco Santander Central Hispano	16,870,094	34	HSBC	987,800	19
Morgan Stanley Securities, Ltd.	12,305,897	34	Midwest Research Securities	448,680	19
ITG Securities (HK), Ltd.	5,456,366	34	Goodbody Stockbrokers	1,154,160	19
Roberts & Ryan	1,962,101	34	Intermonte Securities Sim Spa	744,032	19
Ord Minnett, Inc.	3,791,756	33	Hyundai Securities Company, Ltd.	14,400	19
Wedbush Morgan Securities, Inc.	667,055	33	SG Americas Securities, LLC	406,495	19

## Schedule of Commissions and Fees — PERF (continued)

(Dollars in Thousands)

<b>Broker</b>	<b>Number of Shares Traded</b>	<b>Base Commission &amp; Fees Amount</b>	<b>Broker</b>	<b>Number of Shares Traded</b>	<b>Base Commission &amp; Fees Amount</b>
Citigroupglobal Markets UK Equity, Ltd.	631,000	\$19	Tullett Liberty Securities, Inc.	413,195	\$17
ABN Amro	4,734,623	19	HSBC Securities India Holdings	407,500	17
Credit Suisse First Boston	5,797,003	18	Donaldson & Company, Inc.	394,160	16
ABN Amro Equities UK, Ltd., London	1,268,199	18	Execution, Ltd.	758,688	16
Cabrera Capital Markets	599,376	18	Harris Nesbitt Corporation	326,895	16
Citigroup	2,296,966	18	Hanvit Bank	286,900	16
ING Bank, NV	638,932	18	Citigroupglobal Markets Asia	5,440,000	15
Factset Data Systems, Inc./BCC Clearing	346,600	18	Citigroupglobal	3,320,629	15
McDonald and Company Securities, Inc.	356,500	17	Various Brokers	2,675,886	1,497
Morgan Stanley	749,258	17	<b>Total</b>	<b>15,725,501,743</b>	<b>\$39,997</b>

# Schedule of Fees and Costs for Private Equity Partners — PERF

(Actual Dollars)

2004 <sup>1</sup>		2004 <sup>1</sup>	
Fund Name	Fees & Costs	Fund Name	Fees & Costs
1818 Fund II, LP	\$11,462	Carlyle Asia Venture Partners II, LP	\$579,718
ABS Capital Partners II, LP	381,340	Carlyle Europe Partners II, LP	106,817
ABS Capital Partners III, LP	1,128,219	Carlyle Europe Real Estate Partners, LP	596,068
ABS Capital Partners IV, LP	1,395,491	Carlyle High Yield Partners IV, Ltd.	—
Advent-Global Private Equity IV, LP	258,074	Carlyle Japan Partners, LP	434,104
Alta Biopharma Partners II, LP	1,422,920	Carlyle Partners II, LP	217,350
Alta Biopharma Partners III, LP	584,709	Carlyle Partners III, LP	2,058,386
Alta Biopharma Partners, LP	1,057,096	Carlyle Realty Qualified Partners III, LP	2,678,235
Alta California Partners II, LP	2,281,242	Carlyle Strategic Partners, LP	34,043
Alta California Partners III, LP	3,441,867	Carlyle Venture Partners II, LP	1,342,112
Alta California Partners, LP	2,322,401	Carlyle/Riverstone Global Energy and Power Fund II, LP	1,246,258
Alta Communications VI, LP	167,273	Clearstone Venture Partners III-A, LP	—
Alta Communications VII, LP	1,027,054	Coller International Partners II, LP	548,524
Alta Communications VIII, LP	1,909,170	Coller International Partners III, LP	886,379
Alta Partners ACP IV, LP	257,022	Coller International Partners IV, LP	1,004,840
Alta V Limited Partnership	4,006	CVC European Equity Partners II, LP	333,139
American River Ventures I, LP	936,820	CVC European Equity Partners III, LP	2,191,960
APA Excelsior IV, LP	140,900	CVC European Equity Partners, LP	128,539
APA German European Ventures, LP	4,362	Dominion Fund IV, LP	496,578
APAX CRIII	675	Dominion Fund V, LP	840,707
APAX Ventures IV International Partners, LP	1,460	Doughty Hanson & Co. Fund II	—
Apollo Investment Fund III, LP	930,964	Doyle & Boissiere Fund I, LLC	657,100
Apollo Investment Fund IV, LP	583,916	DFJ Frontier Fund, LP	548,048
Apollo Investment Fund V, LP	165,467	Dresdner Kleinwort Benson Emerging Europe	261,807
ArcLight Energy Partners Fund II, LP	814,189	Emergence Capital Partners, LP	239,620
Ares Corporate Opportunities Fund, LP	2,078,292	Ethos Private Equity Fund III, LP	159,198
Asia Recovery Fund, LP	989,654	Ethos Private Equity Fund IV, LP	822,845
Atlantic Medical Capital, LP	—	EuclidSR Biotechnology Partners, LP	1,166,299
Aurora Equity Partners II, LP	413,883	Exxel Capital Partners V, LP	—
Aurora Equity Partners III, LP	254,516	Fairview Capital II, LP	927,400
Aurora Equity Partners, LP	140,668	Fairview Capital, LP	509,663
Avenue Asia Special Situations Fund III, LP	1,571,417	Fenway Partners Capital Fund II, LP	563,529
Avenue Special Situations Fund II, LP	332,317	Fenway Partners Capital Fund, LP	518,370
Avenue Special Situations Fund III, LP	1,027,506	FFC Partners III, LP	291,746
Bachow Investment Partners III, LP	—	First Reserve Fund IX, LP	832,992
Bank of America CA Community Venture Fund, LP	47,965	First Reserve Fund VI, LP	23,736
Bastion Capital Fund, LP	37,907	First Reserve Fund X, LP	302,083
Beacon Group Energy Investment Fund II, LP	326,905	Flagship Ventures Fund 2004, LP	295,452
Beacon Group Energy Investment Fund, LP	33,082	Francisco Partners, LP	712,166
Beacon Group III - Focus Value Fund, LP	268,379	FS Equity Partners III, LP	50,694
Behrman Capital II, LP	1,692,333	FS Equity Partners V, LP	266,649
Behrman Capital III, LP	1,747,437	Garage California Entrepreneurs Fund, LP	286,353
Behrman Capital, LP	29,821	Generation Capital Partners, LP	19,313
Blackstone Capital Partners II, LP	58,884	Gleacher Mezzanine Fund I, LP	456,071
Blackstone Capital Partners III, LP	589,697	Golder, Thoma & Cressey Fund IV, LP	2,787
Blackstone Capital Partners IV, LP	—	Golder, Thoma, Cressey, Rauner Fund V, LP	615,890
Blackstone Communications Partners I, LP	1,326,198	Granite Global Ventures II LP	115,276
Blackstone Mezzanine Partners, LP	683,122	Green Capital Partners (GCP) California Fund, LP	—
Blum Strategic Partners II, LP	776,268	Green Equity Investors II, LP	185,416
Bridgepoint Europe I	284,624	Green Equity Investors III, LP	567,513
Bridgepoint Europe II	603,824	Green Equity Investors IV, LP	1,200,883
California Community Financial Institutions Fund, LP	543,687	Healthpoint Capital Partners, LP	111,708
California Emerging Ventures II, LLC	1,878,686	Hellman & Friedman Capital Partners II, LP	21,593
California Emerging Ventures III, LLC	2,448,872	Hellman & Friedman Capital Partners III, LP	135,201
California Emerging Ventures, LLC	2,559,367	Hellman & Friedman Capital Partners IV, LP	1,677,018
CalPERS/PCG Corporate Partners, LLC	3,394,576	Hellman & Friedman Capital Partners V, LP	175,582
Candover 1994 Fund	33,784	Hicks, Muse, Tate & Furst Equity Fund II, LP	33,276
Candover 1997 Fund	—	Hicks, Muse, Tate & Furst Equity Fund III, LP	1,392
Candover 2001 Fund	1,851,075	ICV Partners, LP	128,046
Carlyle Asia Partners, LP	1,112,675	Information Technology Ventures II, LP	184,633

## Note:

<sup>1</sup> Fees and costs for the 1-year period ending December 31, 2004.

## Schedule of Fees and Costs for Private Equity Partners — PERF (continued)

(Actual Dollars)

	2004 <sup>1</sup>		2004 <sup>1</sup>
Fund Name	Fees & Costs	Fund Name	Fees & Costs
Information Technology Ventures, LP	\$9,754	Polish Enterprise Fund V, LP	\$1,006,269
Inroads Capital Partners, LP	293,325	Prospect Venture Partners II, LP	2,465,807
Ironbridge Capital 2003/4 LP	230,852.84	Provender Opportunities Fund II, LP	593,283
J.P. Morgan Partners Global Investors, LP	715,081	Providence Media Partners, LP	—
KB Mezzanine Fund II, LP	135,524	Questor Partners Fund II, LP	1,030,771
Kid Kamm Equity Partners, LP	—	RFG Private Equity Limited Partnership No. 1	339,207
KKR European Fund, LP	561,145.77	Rice Partners II, LP	—
KKR Millennium Fund, LP	1,692,068	Ripplewood Partners II, LP	935,105
Kline Hawkes California, LP	1,487,521	RSTW Partners III, LP	915,513
Kline Hawkes Pacific, LP	2,253,620	Safeguard International Fund, LP	238,424
Kohlberg Investors IV, LP	358,321	Sanderling IV Biomedical, LP	823,755
Kohlberg Management V, LLC	15,777	Sanderling V Biomedical, LP	1,401,886
Landmark Equity Partners III, LP	58,137	Seaport Capital Partners II, LP	738,075
Landmark Equity Partners IV, LP	6,724	Silver Lake Partners II, LP	191,019
Landmark Equity Partners XI, LP	33,994	Silver Lake Partners, LP	564,271
Leeds Weld Equity Partners IV, LP	285,666	Soros Private Equity Investors, LP	3,495,713
Levine Leichtman Capital Partners II, LP	898,568	SpaceVest Fund, LP	277,528
Levine Leichtman Capital Partners III, LP	412,519	SPV (VCOC), LP	984,176
Levine Leichtman Capital Partners, LP	13,800	Stonington Capital Appreciation 1994 Fund, LP	4,933
Lexington Capital Partners II, LP	730,872	T3 Partners II, LP	384,349
Lexington Capital Partners III, LP	508,910	Tailwind Investment Partners International, Ltd.	453,739
Lexington Capital Partners IV, LP	878,034	TCW Special Credits Fund V - The Principal Fund	1,273,437
Lexington Capital Partners V, LP	238,672	Technology Partners Fund V, LP	9,211
Lighthouse Capital Partners V, LP	1,110,636	Technology Partners Fund VI, LP	579,566
Lime Rock Partners III, LP	34,926	Technology Partners Fund VII, LP	1,246,312
Littlejohn Fund II, LP	1,238,329	Thomas H. Lee Equity Fund III, LP	43,039
Lombard Thailand Partners, LP	61,846	Thomas H. Lee Equity Fund IV, LP	67,902
Lombard/Pacific Partners, LP	2,532,677	Thomas H. Lee Equity Fund V, LP	223,193
M/C Venture Partners IV, LP	207,301	Thomas Weisel Capital Partners, LP	1,424,341
M/C Venture Partners V, LP	1,486,002	Thomas Weisel Global Growth Partners, LP	404,092.21
Madison Dearborn Capital Partners II, LP	298,823	Thomas Weisel Healthcare Ventures, LP	568,581
Madison Dearborn Capital Partners III, LP	18,050	Thomas Weisel Strategic Opportunities Partners, LP	3,085,430
Madison Dearborn Capital Partners IV, LP	1,214,183	Thomas Weisel Venture Partners, LP	2,412,032
Madison Dearborn Capital Partners, LP	329,448	Ticonderoga E-Services Fund I, LP	821,615
Markstone Capital Partners, LP	458,903	Ticonderoga E-Services Fund II, LP	1,043,768
McCown De Leeuw & Co. III, LP	160,152	TL Ventures III, LP	369,643
McCown De Leeuw & Co. IV, LP	995,025	TL Ventures IV, LP	928,575
Media/Communications Partners II, LP	7,545	TL Ventures V, LP	3,380,472
Media/Communications Partners III, LP	678,249	TPG Biotechnology Partners, LP	2,294,516
MHR Institutional Partners II, LP	2,012,996	TPG Partners III, LP	605
Newbridge Asia III, LP	1,661,152	TPG Partners IV, LP	338
Nogales Investors Fund I, LP	291,214	TPG Ventures, LP	5,068,851
Oak Hill Capital Partners II, LP	213,285.47	Triumph-California, LP	—
OCM Opportunities Fund, LP	398,379	TSG Capital Fund II, LP	—
OCM Opportunities Fund V, LP	398,426	TSG Capital Fund III, LP	268,968
OCM Principal Opportunities Fund, LP	239,607	W Capital Partners, LP	303,829
OCM Principal Opportunities Fund III, LP	775,536	Warburg, Pincus Investors, LP	31,077
Opportunity Capital Partners IV, LP	502,097	Welsh, Carson, Anderson & Stowe IX, LP	1,421,523
Pacific Community Ventures	357,717	Welsh, Carson, Anderson & Stowe VI, LP	75,872
Paladin Homeland Security Fund (CA), LP	981,808	Welsh, Carson, Anderson & Stowe VII, LP	738,396
Palladium Equity Partners III, LP	109,697	Welsh, Carson, Anderson & Stowe VIII, LP	2,889,907
Palomar Ventures III, LP	108,467	Weston Presidio Capital IV, LP	2,061,522
Parish Capital I, LP	679,976	William E. Simon & Sons Special Situation Partners II, LP	43,386
Penman Private Equity and Mezzanine Fund, LP	163,733	WLR Recovery Fund II, LP	542,701
Permira Europe I	965,075	WLR Recovery Fund, LP	147,445
Permira Europe III	1,900,049	Yucaipa American Alliance Fund I, LP	3,277,009
Permira U.K. Venture III	—	Yucaipa American Special Situations Fund I, LP	1,454,029
Permira U.K. Venture IV	509,184	Yucaipa Corporate Initiatives Fund I, LP	3,112,048
Perseus-Soros Biopharmaceutical Fund, LP	274,768		
Polish Enterprise Fund IV, LP	839,288	<b>Total</b>	<b>\$175,647,139</b>

**Note:**

<sup>1</sup> Fees and costs for the 1-year period ending December 31, 2004.

# Schedule of Fees and Costs for Absolute Return Strategies Program — PERF

(Actual Dollars)

<b>Fund Name</b>	<b>2004<sup>1</sup> Fees &amp; Costs</b>
Andor Technology	\$70,481
Atticus Global, LP	1,418,850
Brookside	981,447
Everglades	409,395
Farallon	788,315
Lansdowne	474,046
Liberty Square	518,458
MPM Bioequities	527,405
Pentangle	890,125
Rhapsody	677,712
Tosca	988,137
Tremblant	997,950
Welch	91,428
Zaxis	695,817
Deephaven	693,985
Black River	1,041,423
Canyon	723,881
Partner	255,507
Wayata	63,186
Chatham	62,856
<b>Total</b>	<b>\$12,370,404</b>

**Note:**

<sup>1</sup> Fees and costs for the 1-year period ending December 31, 2004.

# Judges' Retirement Fund II — Investments

## Investment Performance

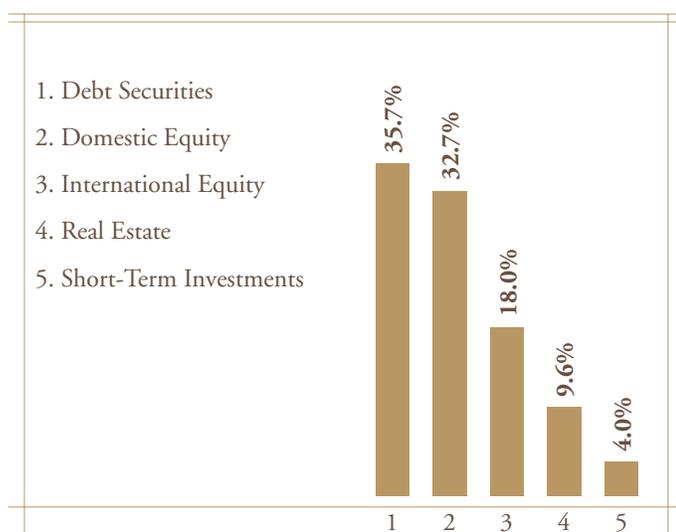
Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Judges' Retirement Fund II based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2005, are:

## JRF II Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
<b>Total Fund</b>	<b>9.7%</b>	<b>9.4%</b>	<b>2.8%</b>	Weighted Policy Benchmark <sup>1</sup>	8.6%	8.7%	2.5%
				Actuarial Rate	7.3%	7.3%	7.8%
				Trust Universe Comparison Service (TUCS) Public Fund Median <sup>2</sup>	9.4%	9.6%	3.5%
Domestic Equity	6.0%	8.2%	(2.6%)	Custom S&P 500 Index <sup>3</sup>	5.9%	8.2%	(2.5%)
				TUCS Equity Median	8.7%	10.2%	1.6%
International Equity	14.0%	12.2%	(0.3%)	MSCI EAFE Index	13.7%	12.1%	(0.6%)
Fixed Income	8.8%	8.0%	8.5%	Lehman Aggregate Bond Index	6.8%	5.8%	7.4%
				Citigroup LPF Index	11.5%	8.4%	9.1%
				TUCS Fixed Income Median	7.2%	6.5%	7.8%

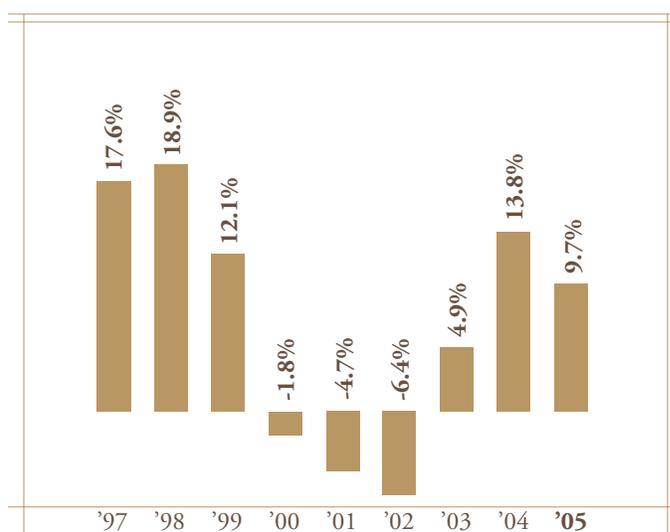
Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

## Investment Mix by Asset Class



## Total Fund Performance

Nine-Year Review, One-Year Returns



### Notes:

<sup>1</sup> The weighted policy benchmark returns for the JRF II are based on asset class index returns weighted by asset class policy targets.

<sup>2</sup> The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

<sup>3</sup> A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the JRF II, starting with the February 2001 performance.

# Legislators' Retirement Fund — Investments

## Investment Performance

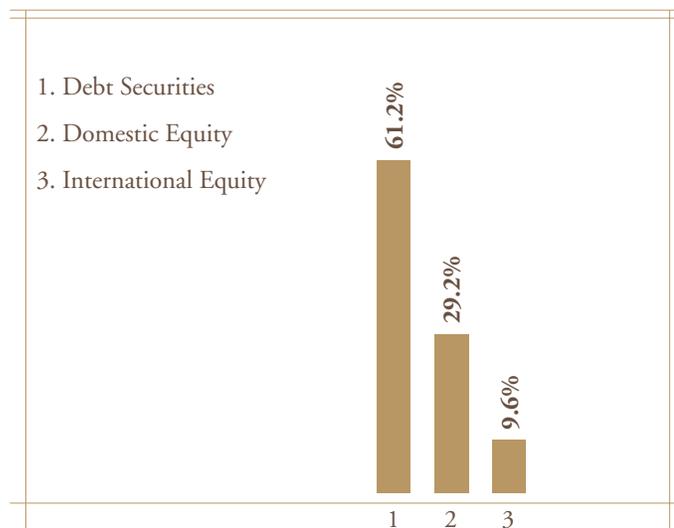
Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Legislators' Retirement Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2005, are:

## LRF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
<b>Total Fund</b>	<b>8.8%</b>	<b>8.8%</b>	<b>4.6%</b>	Weighted Policy Benchmark <sup>1</sup>	10.3%	9.2%	5.1%
				Actuarial Rate	7.0%	7.0%	7.5%
				Trust Universe Comparison Service (TUCS) Public Fund Median <sup>2</sup>	9.4%	9.5%	3.5%
Domestic Equity	6.0%	8.2%	(2.5%)	Custom S&P 500 Index <sup>3</sup>	5.9%	8.2%	(2.5%)
International Equity	14.1%	12.5%	(0.2%)	TUCS Equity Median	8.7%	10.2%	1.6%
Fixed Income	8.6%	7.8%	8.4%	MSCI EAFE Index	13.7%	12.1%	(0.6%)
				Lehman Aggregate Bond Index	6.8%	5.8%	7.4%
				Citigroup LPF Index	11.5%	8.4%	9.1%
				TUCS Fixed Income Median	7.2%	6.5%	7.8%

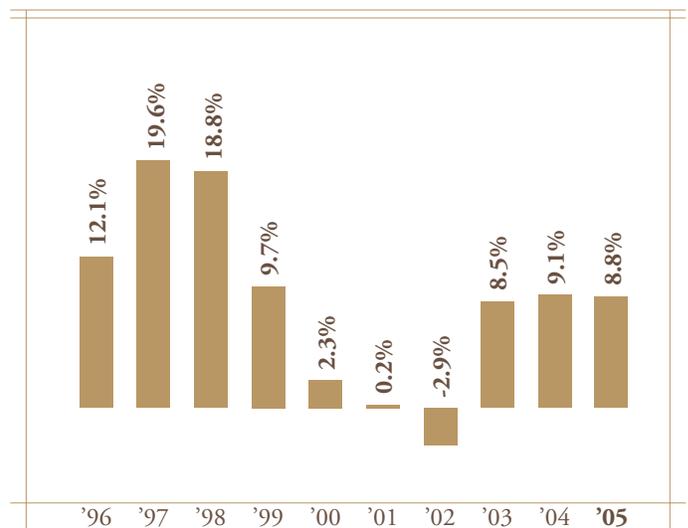
Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

### Investment Mix by Asset Class



### Total Fund Performance

10-Year Review, One-Year Returns



### Notes:

<sup>1</sup> The weighted policy benchmark returns for the LRF are based on asset class index returns weighted by asset class policy targets.

<sup>2</sup> The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

<sup>3</sup> A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the LRF, starting with the February 2001 performance.

# Volunteer Firefighters' Fund — Investments

## Investment Performance

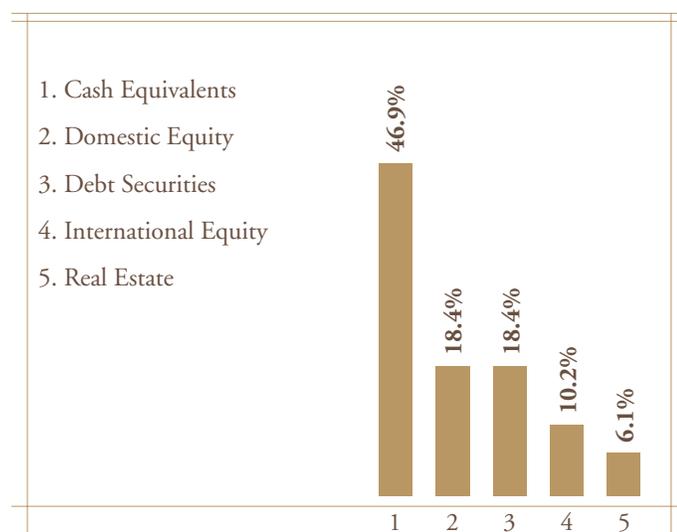
Wilshire Associates, the Board's pension consultant, prepares a Quarterly Report of Investment Performance for the Volunteer Firefighters' Fund based on performance calculations made by the Fund's custodian, State Street Bank & Trust. The 1-year, 3-year, and 5-year time-weighted rates of return for the year ended June 30, 2005, are:

## VFF Portfolio Comparisons

Category	1-Year Return	3-Year Return	5-Year Return	Index	1-Year Return	3-Year Return	5-Year Return
<b>Total Fund</b>	<b>10.2%</b>	<b>9.2%</b>	<b>2.3%</b>	Weighted Policy Benchmark <sup>1</sup>	8.6%	8.7%	2.5%
				Actuarial Rate	7.5%	7.5%	8.0%
				Trust Universe Comparison Service (TUCS) Public Fund Median <sup>2</sup>	9.4%	9.6%	3.5%
Domestic Equity	6.7%	8.4%	(2.4%)	Custom S&P 500 Index <sup>3</sup>	5.9%	8.2%	(2.5%)
				TUCS Equity Median	8.7%	10.2%	(2.6%)
Fixed Income	10.1%	8.4%	8.8%	Lehman Aggregate Bond Index	6.8%	5.8%	7.4%
				Citigroup LPF Index	11.5%	8.4%	9.1%
				TUCS Fixed Income Median	7.2%	6.5%	7.8%
Real Estate	25.3%	—	—				
Cash Equivalents	2.2%	—	—				

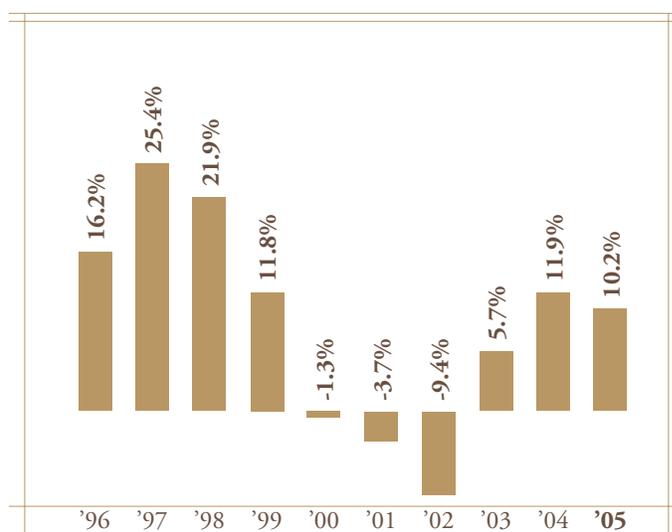
Per guidelines recommended by the Chartered Financial Analyst Institute, the Master Custodian for CalPERS computes monthly returns for portfolios, composites, and total plan. For periods greater than a month, a time series of linked monthly returns is used, producing a time-weighted effect.

## Investment Mix by Asset Class



## Total Fund Performance

10-Year Review, One-Year Returns



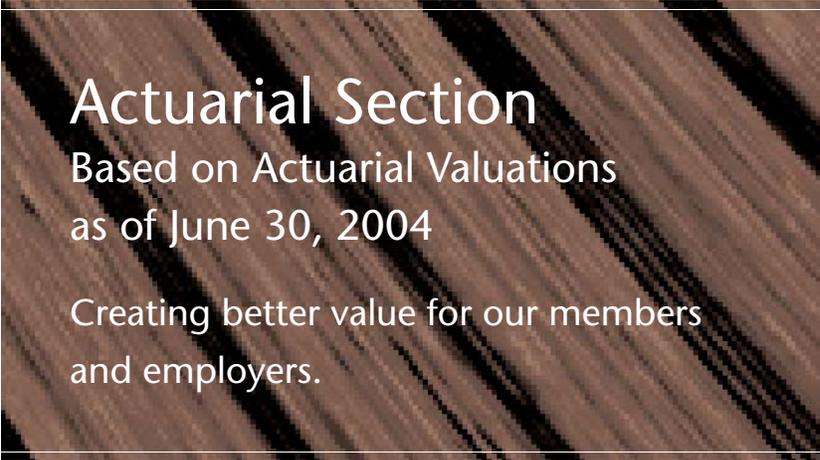
### Notes:

<sup>1</sup> The weighted policy benchmark returns for the VFF are based on asset class index returns weighted by asset class policy targets.

<sup>2</sup> The Trust Universe Comparison Service (TUCS) is a universe of more than 1,000 client portfolio returns, subdivided by client type and asset class.

<sup>3</sup> A tobacco-free S&P 500 is used as the benchmark for the U.S. equity segments of the VFF, starting with the February 2001 performance.





## Actuarial Section

Based on Actuarial Valuations  
as of June 30, 2004

Creating better value for our members  
and employers.

# CalPERS Actuarial Certification



**Actuarial and Employer Services Branch**  
P.O. Box 942709  
Sacramento, CA 94229-2709

September 2005

## **The Board of Administration of the California Public Employees' Retirement System:**

As authorized, the CalPERS actuarial staff perform annual actuarial valuations of the CalPERS State, schools, and public agency plans; the latest such valuations are as of June 30, 2004.

The funding objective for each of these plans is to accumulate assets equal to 100 percent of the accrued liability as measured by the Entry Age Normal Cost method in a manner that keeps contributions approximately level as a percentage of payroll. Unfunded actuarial liabilities or surplus assets (excess assets) are amortized pursuant to Board policy such that the amortization payment is not less than that required to amortize the unfunded liability over 30 years.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the Financial Section by Governmental Accounting Standards Board Statement No. 25.

The valuations are based on the member and financial data as of the valuation date, extracted from the various CalPERS databases. Both the membership and financial data are subject to extensive tests for reasonableness.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.

A handwritten signature in black ink, appearing to read "Ron Seeling".

Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.  
Enrolled Actuary  
Chief Actuary, CalPERS

**California Public Employees' Retirement System**  
Lincoln Plaza-400 Q Street-Sacramento, CA

# CalPERS Actuarial Methods and Assumptions

## Actuarial Methods

The ultimate cost that a retirement system such as CalPERS incurs is equal to benefits paid plus the expenses resulting from administration and financing. These costs are paid through contributions to the plan and investment earnings on the System's assets.

The actuarial valuations rely upon data extracted from central databases maintained by CalPERS. These databases are created from data supplied by the individual employers. The data was not audited by the actuarial staff, but appears to be reasonable for valuation purposes. Summary information regarding plan membership data for various groups is provided in Exhibits F and H.

Using each plan's schedule of benefits, member data described above, and a set of actuarial assumptions, the plan's actuary estimates the cost of the benefits to be paid. Then, using a particular actuarial funding method, the actuary allocates these costs to the fiscal years within the employee's career.

In the case of the CalPERS plans with pay-related benefits, the financial objective is to fund in a manner which keeps contribution rates approximately as a level percentage of payroll from generation to generation, while accumulating sufficient assets over each member's working career. The primary funding method used to accomplish this objective is the Entry Age Normal Cost Method. This method is used for all defined benefit pay-related plans within CalPERS and for the Judges' Retirement System II (JRS II). It is also used for the Indexed Level of 1959 Survivor Benefits. CalPERS uses the level dollar Aggregate Cost Method for those pay-related plans which are closed and declining in membership. This method is used for the Legislators' Retirement System (LRS) and the Judges' Retirement System (JRS).

For CalPERS non-pay-related plans, the financial objective is to produce annual costs that coincide with the value of benefits earned for that year. The Term Insurance Cost Method is used for the plans within the 1959 Survivor Program that are not indexed and for the State Group Term Life Insurance Program. The Unit Credit Cost Method is used for the Volunteer Firefighters' Length of Service Award System (VFLSAS).

Annual actuarial valuations are performed each June 30 using these methods. This report contains information through the most recent valuation date of June 30, 2004. Progress in financing can be found in the Summary of Funding Progress, Exhibits A and B.

The actuarial assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the financial section by Governmental Accounting Standards Board Statement No. 25.

## Entry Age Normal Cost Method

Under the Entry Age Normal Cost Method, projected benefits are determined for all members. For active members, liabilities are spread in a manner that produces level annual costs as a percent of pay in each year from the age of hire (entry age) to the assumed retirement age. The cost allocated to the current fiscal year is called the normal cost. The actuarial accrued liability for active members is then calculated as the portion of the total cost of the plan allocated to prior years.

The actuarial accrued liability for members currently receiving benefits, for active members beyond the assumed retirement age, and for inactive members entitled to deferred benefits is equal to the present value of the benefits expected to be paid. No normal costs are applicable for these participants.

## CalPERS Actuarial Methods and Assumptions (continued)

The excess of the total actuarial accrued liability over the value of plan assets is called the unfunded actuarial accrued liability.

The required contribution is then determined by adding the normal cost and an amortization of the unfunded liability as a level percentage of assumed future payroll.

In the CalPERS case, the unfunded liability is broken down into components, or bases, according to their date of origin and the cause that gave rise to that component. A component of the unfunded liability that arose due to a change in plan provisions or in actuarial methods or assumptions is separately tracked and amortized over 20 years.

The actuarial assumptions discussed in this section are used to determine projected benefits. The effect of differences between those assumptions and the actual experience of the plan is calculated each year when the annual actuarial valuation is performed. These differences are actuarial gains or losses.

Gains and losses are tracked separately and amortized over a rolling 30-year period. In the past, the amortization payment on gains and losses was 10 percent of the base.

A maximum 30-year amortization payment on the entire unfunded liability is enforced on the amortization methods described above. In addition, for those plans in which the amortization methods described above result in either mathematical inconsistencies or unreasonable actuarial results, all unfunded liability components are combined into a single base and amortized over a period of time, as determined by the CalPERS Chief Actuary.

### **Term Insurance Cost Method**

The actuarial funding method for non-indexed levels of the 1959 Survivor Program is a modified Term Insurance Cost Method. Under this method, there is no actuarial accrued liability for active members; all liability is due to current beneficiaries. The normal cost is calculated as the amount needed to provide benefits to survivors of deaths expected in the next one-year period.

The Term Insurance Cost Method is also used for the State Group Term Life Insurance Program. The required contributions are calculated as one and one-half times the expected life insurance payments for the coming year less the current assets available to pay those benefits, but not less than zero.

### **Unit Credit Cost Method**

The Unit Credit Cost Method is used to value the benefits provided by the VFLSAS. Under this method, the actuarial accrued liability is the sum of the present value of accrued benefits of all participants. The normal cost is the present value of the benefits earned during the valuation year by all participants.

### **Aggregate Cost Method**

The Aggregate Cost Method is used for the LRS and JRS systems. Under this method, the difference between the present value of projected benefits and the assets of the plan are allocated over a specified period of time as a level dollar amount. The amount allocated to the current fiscal year is called the normal cost. There is no actuarial accrued liability calculated using the Aggregate Cost Method.

# CalPERS Actuarial Methods and Assumptions (continued)

## Asset Valuation Method

In order to dampen the effect of short-term market value fluctuations on employer contribution rates, the following asset-smoothing technique is used: first an Expected Value of Assets is computed by bringing forward the prior year's Actuarial Value of Assets and the contributions received and benefits paid during the year at the assumed actuarial rate of return. The Actuarial Value of Assets is then computed as the Expected Value of Assets plus one-fifteenth (changed from one-third last year) of the difference between the actual Market Value of Assets and the Expected Value of Assets as of the valuation date. However, in no case will the Actuarial Value of Assets be less than 80 percent or greater than 120 percent of the actual Market Value of Assets. This methodology is used in the valuations for all programs except the JRS, which uses an Actuarial Value of Assets equal to the Market Value of the Fund plus accrued interest.

## Actuarial Assumptions

The actuarial assumptions used in determining actuarial liabilities and required employer contributions include both economic and non-economic assumptions. These assumptions represent the actuary's best estimate of anticipated future experience and are reviewed in depth periodically.

### Economic Assumptions

The economic assumptions include an assumed inflation assumption of 3.0 percent compounded annually. The inflation assumption is a component of assumed investment return, assumed wage growth, and assumed future post-retirement cost-of-living increases.

Based upon the asset allocation of the Public Employees' Retirement Fund (PERF), the assumed investment return (net of administrative and investment expenses) is 7.75 percent per year, compounded annually. Different asset allocations and lower assumed investment returns apply to LRF, JRF, JRF II, and VFF.

The assumed investment returns for these four plans are 7.0 percent, 7.0 percent, 7.25 percent, and 7.5 percent, respectively.

For plans within CalPERS, the overall payroll is assumed to increase 3.25 percent annually. This is based upon the 3.0 percent inflation assumption and a .25 percent per annum productivity increase assumption. The overall payroll growth assumption is used to project future payroll over which the unfunded liability is amortized.

For plans within CalPERS, the assumed growth in an individual employee's future pay is composed of the 3.0 percent inflation component, an additional .25 percent per annum productivity component, and an annual merit increase based on the member's length of service. The service-based merit increase in an individual's salary recognizes that larger salary increases tend to occur earlier in an employee's career. Pay increase assumptions for individual members are shown for sample lengths of service in Exhibit C.

### Non-Economic Assumptions

Non-economic assumptions for plans within PERF are based upon demographic studies covering the period June 30, 1997 through June 30, 2002. The probabilities of service retirement, withdrawal from service, non-industrial disability, industrial disability, and death-in-service are shown for sample ages in Exhibit D. Individuals hired on or before June 30, 1982, are entitled to subsidized optional benefits. Certain valuation liabilities are increased to reflect this subsidy.

Post-retirement mortality tables are based on CalPERS experience. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table. Sample life annuity values based on these tables are shown in Exhibit E.

# Changes Since Prior Valuation

## Changes in Actuarial Methods

In April 2005, an employer rate stabilization policy was approved by the CalPERS Board. The policy, which affects all plans except JRF, was implemented beginning with the June 30, 2004 actuarial valuations and has the following features:

1. In the calculation of the actuarial value of assets, market value asset gains and losses are spread over 15 years as compared to 3 years; and
2. Changed the corridor limits for the actuarial value of assets from 90 percent - 110 percent of market value to 80 percent - 120 percent of market value; and
3. Gains and losses are amortized over a rolling 30-year period. In the past, the amortization payment on gains and losses was 10 percent of the base.
4. A minimum employer contribution rate was established equal to the employer normal cost minus a 30-year amortization of surplus (but not less than 0 percent).

## Changes in Actuarial Assumptions

There were no changes in actuarial assumptions.

## Changes in Plan Provisions

The only plan provision change affecting the State and Schools valuation was Senate Bill (SB) 183 which provides a 3% at age 50 benefit formula for peace officer/firefighter members employed in Bargaining Unit 7 and related positions on or after January 1, 2004.

# Summary of Funding Progress

## Unfunded Liability and Funded Ratios

For the plans in CalPERS, unfunded actuarial accrued liabilities are the difference between Entry Age Normal Accrued Liabilities and the assets of the Fund. It is required that these unfunded liabilities be financed systematically over future years.

Because of inflation, comparing the dollar amounts of assets, benefits paid, member salaries, and unfunded actuarial accrued liabilities can be misleading. While no one or two measures can fully describe the financial condition of the plan, unfunded actuarial accrued liability dollars divided by member salary dollars provide a meaningful index. The smaller the ratio, the stronger the System. Observation of this relative index over a period of years will give an indication of the financial strength of the System. Such a measure is presented in Exhibit A. The JRS and LRS use the Aggregate Cost Method to determine annual plan costs. Under the Aggregate Cost Method, no accrued liabilities are calculated, so this exhibit is not appropriate for these Systems.

## Solvency Test

Exhibit B, Funding Progress — Solvency Test, demonstrates System solvency as measured under the Governmental Accounting Standards Board Statement No. 25. Again, as stated in the Summary of Funding Progress, the LRS and JRS use the Aggregate Cost Method; therefore, measuring System solvency under Exhibit B is not appropriate for these Systems.

## Independent Review

To ensure the quality of its valuations, CalPERS contracts with independent consulting actuaries to review the valuations on a triennial basis.

## Exhibit A – Funding Progress — Unfunded Liability and Funded Ratios

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>PERF</b>						
6/30/95	\$83,775	\$87,673	\$3,898	95.6%	\$20,800	18.7%
6/30/96	94,230	96,838	2,608	97.3	22,322	11.7
6/30/97	108,566	97,925	(10,641)	110.9	22,504	(47.3)
6/30/98	128,830	106,938	(21,892)	120.5	24,672	(88.7)
6/30/99	148,605	115,748	(32,857)	128.4	27,636	(118.9)
6/30/00	162,439	135,970	(26,469)	119.5	28,098	(94.2)
6/30/01	166,860	149,155	(17,705)	111.9	30,802	(57.5)
6/30/02	156,067	163,961	7,894	95.2	32,873	24.0
6/30/03	158,596	180,922	22,326	87.7	34,784	64.2
6/30/04	169,899	194,609	24,710 <sup>1</sup>	87.3	35,078	70.4
<b>LRF</b>						
6/30/95	\$88.5	\$101.6	\$13.1	87.1%	\$4.9	267.3%
6/30/96	94.2	105.2	11.0	89.5	4.8	229.2
6/30/97	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04						
<b>JRF</b>						
6/30/95	\$9.3	\$1,406.0	\$1,396.7	0.7%	\$156.8	890.1%
6/30/96	12.5	1,460.1	1,447.6	0.9	153.8	941.0
6/30/97	N/A	N/A	N/A	N/A	N/A	N/A
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	N/A	N/A	N/A	N/A	N/A	N/A

## Exhibit A – Funding Progress — Unfunded Liability and Funded Ratios (continued)

(Dollars in Millions)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age	(3) Unfunded AAL (UAAL) (2) – (1)	(4) Funded Ratios (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3)/(5)
<b>JRF II</b>						
6/30/95	\$0.239	\$0.071	(\$0.168)	338.6%	\$0.9	(18.7%)
6/30/96	2.388	2.813	0.425	84.9	8.1	5.3
6/30/97	7.242	7.906	0.664	91.6	15.4	4.3
6/30/98	15.120	15.043	(.077)	100.5	33.9	(0.2)
6/30/99	27.155	26.921	(.234)	100.9	40.0	(0.6)
6/30/00	40.503	41.619	1.116	97.3	43.0	2.6
6/30/01	55.955	60.933	4.979	91.8	61.5	8.1
6/30/02	71.929	76.459	4.530	94.1	72.8	6.2
6/30/03	96.107	105.116	9.009	91.4	87.3	10.3
6/30/04	129.153	137.704	8.551	93.8	99.0	8.6
<b>VFF</b>						
6/30/95	\$0.931	\$0.815	(\$0.116)	114.2%	N/A	N/A
6/30/96	1.078	0.934	(0.144)	115.4	N/A	N/A
6/30/97	1.360	1.121	(0.239)	121.3	N/A	N/A
6/30/98	1.678	1.500	(0.178)	111.8	N/A	N/A
6/30/99	1.987	1.805	(0.182)	110.1	N/A	N/A
6/30/00	2.302	2.296	(0.006)	100.3	N/A	N/A
6/30/01	2.524	2.183	(0.341)	115.6	N/A	N/A
6/30/02	2.310	2.453	0.143	94.2	N/A	N/A
6/30/03	2.786	3.206	0.420	86.9	N/A	N/A
6/30/04	2.975	3.525	0.550	84.4	N/A	N/A

**Note:**

<sup>1</sup> The Unfunded Actuarial Accrued Liability (net assets in excess of the total Actuarial Accrued Liability) of the PERF by major employer groups from the June 30, 2004 valuation is as follows: 1) \$12,746 for the State of California, 2) \$2,589 for schools, and 3) \$9,375 for public agencies.

**Supplemental Schedule of Differences**

Reconciliation between the Net Assets Held in Trust for Pension Benefits and the Net Assets Allocated to fund the Pension Benefit Obligation or the Actuarial Liability — June 30, 2004.

	PERF	LRF	JRF	JRF II	VFF
<b>Net Assets Held in Trust for Pension</b>					
<b>Benefits Less:</b>	<b>\$167,584,099,000</b>	<b>\$134,588,000</b>	<b>\$4,610,000</b>	<b>\$129,315,000</b>	<b>\$2,780,000</b>
Prior Year Adjustment	2,036,750	—	—	—	—
Member Additional Contributions					
Reserve for Post-Retirement	5,705,899	—	—	—	—
Redeposit	29,036,495	—	—	—	—
Reserve for Disability Installment Payments	90,914	—	—	—	—
Reserve for Purchasing Power Protection Account	9,011	—	—	—	—
Reserve for Unclaimed Benefits	21,027,405	—	—	—	—
Reserve for Deficiencies	405,909,389	—	—	—	—
Reserve for Fiduciary Self-Insurance	40,000,000	—	—	—	—
Other Reserves	(30,147,821)	—	—	—	—
Difference Between Smoothed Market Value & Fair Value	(2,788,586,592)	(4,396,167)	668	162,457	(194,642)
<b>Actuarial Value of Assets</b>	<b>\$169,899,017,550</b>	<b>\$138,984,167</b>	<b>\$4,610,668</b>	<b>\$129,152,543</b>	<b>\$2,974,642</b>

## Exhibit B – Funding Progress — Solvency Test

The funding objective for a retirement system is to be able to pay long-term benefit promises through contributions that remain approximately level from year to year as a percent of salaries earned by members. In this way, members and employers in each year pay their fair share for retirement services accrued in that year by the retirement system's members.

If a system follows level contribution rate financing principles, it will pay all promised benefits when due — the ultimate test of financial soundness.

A short-term solvency test is one means of checking a system's funding progress. In a short-term solvency test, the plan's present assets (investments and cash) are compared with 1) member contributions on deposit, 2) the liabilities for future benefits to persons who have retired or

terminated, and 3) the liabilities for projected benefits for service already rendered by active members. In a system that has been following the discipline of level contribution rate financing, the liabilities for member contributions on deposit (liability 1) and the liabilities for future benefits to present retirees (liability 2) will be fully covered by present assets, except in rare circumstances.

In addition, the liabilities for service already rendered by members (liability 3) will be partially covered by the remainder of present assets. Generally, if the system has been using level contribution rate financing, the funded portion of liability 3 will increase over time.

Exhibit B illustrates the progress of funding liability of CalPERS, JRF, JRF II, LRF, and VFF.

## Exhibit B – Funding Progress — Solvency Test

Valuation Date	Accrued Liability			Total Accrued Liability (1) + (2) + (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets		
	Member Contributions (1) <sup>1</sup>	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)			(1)	(2)	(3)
<b>PERF</b>								
(Dollars in Billions)								
6/30/95	\$16.1	\$39.6	\$32.0	\$87.7	\$83.8	100%	100%	87.8%
6/30/96	17.5	42.6	36.8	96.8	94.2	100	100	92.8
6/30/97	18.7	50.8	28.4	97.9	108.6	100	100	137.5
6/30/98	20.1	55.4	31.5	106.9	128.9	100	100	169.6
6/30/99	21.5	58.0	36.2	115.8	148.6	100	100	190.7
6/30/00	22.9	66.3	46.8	136.0	162.4	100	100	156.6
6/30/01 <sup>2</sup>	24.5	67.3	57.3	149.2	166.9	100	100	130.9
6/30/02 <sup>2</sup>	26.3	73.8	63.9	164.0	156.1	100	100	87.6
6/30/03 <sup>2</sup>	27.5	84.0	69.4	180.9	158.6	100	100	67.8
6/30/04	29.4	92.5	72.7	194.6	169.9	100	100	66.0
<b>LRF</b>								
(Dollars in Millions)								
6/30/95	\$6.5	\$73.5	\$21.6	\$101.6	\$88.5	100%	100%	39.4%
6/30/96	6.9	77.8	20.5	105.2	94.2	100	100	46.3
6/30/97	5.6	82.0	9.9	97.5	105.3	100	100	100.0
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>JRF</b>								
(Dollars in Millions)								
6/30/95	\$96.5	\$785.3	\$524.2	\$1,406.0	\$9.3	9.6%	0%	0%
6/30/96	102.0	821.8	536.3	1,460.1	12.5	12.3	0	0
6/30/97	105.4	938.9	619.3	1,663.6	6.1	5.8	0	0
6/30/98	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/99	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/01	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/02	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/03	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6/30/04	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### Notes:

<sup>1</sup> Includes accrued interest on member contributions.

<sup>2</sup> Portion of actuarial accrued liabilities covered by reported assets for 6/30/2001 through 6/30/2003 restated due to data correction.

## Exhibit B – Funding Progress — Solvency Test (continued)

Valuation Date	Accrued Liability			Total Accrued Liability (1) + (2) + (3)	Valuation Assets	Portion of Actuarial Accrued Liabilities Covered by Reported Assets		
	Member Contributions (1) <sup>1</sup>	Terminated, Retirees & Beneficiaries (2)	Employer-Financed Portion of Active Members (3)			(1)	(2)	(3)
<b>JRF II</b>								
(Dollars in Millions)								
6/30/95	\$0.075	\$ —	(\$0.004)	\$0.200	\$0.239	100%	100%	100.0%
6/30/96	0.698	—	2.115	2.400	2.388	100	100	79.9
6/30/97	1.877	0.273	5.756	7.906	7.242	100	100	87.7
6/30/98	3.979	0.378	10.686	15.043	15.120	100	100	100.7
6/30/99	6.509	0.195	20.217	26.921	27.155	100	100	101.2
6/30/00	9.680	0.292	31.647	41.619	40.503	100	100	96.5
6/30/01	13.817	0.167	46.949	60.933	55.955	100	100	89.4
6/30/02	19.120	0.356	56.983	76.459	71.929	100	100	92.1
6/30/03	28.430	0.714	75.972	105.116	96.107	100	100	88.1
6/30/04	37.557	1.223	98.923	137.704	129.153	100	100	91.4
<b>VFF</b>								
(Dollars in Millions)								
6/30/95	N/A	\$0.054	\$0.761	\$0.815	\$0.931	N/A	100%	115.2%
6/30/96	N/A	0.046	0.888	0.934	1.078	N/A	100	116.2
6/30/97	N/A	0.089	1.032	1.121	1.360	N/A	100	123.2
6/30/98	N/A	0.156	1.344	1.500	1.678	N/A	100	113.2
6/30/99	N/A	0.178	1.627	1.805	1.987	N/A	100	111.2
6/30/00	N/A	0.275	2.021	2.296	2.302	N/A	100	100.3
6/30/01	N/A	0.458	1.725	2.183	2.524	N/A	100	119.8
6/30/02	N/A	0.476	1.977	2.453	2.310	N/A	100	92.8
6/30/03	N/A	0.561	2.645	3.206	2.786	N/A	100	84.1
6/30/04	N/A	0.765	2.760	3.525	2.975	N/A	100	80.1

**Note:**

<sup>1</sup> Includes accrued interest on member contributions.

# Exhibit C – Sample Pay Increase Assumptions for Individual Members

## Annual Percentage Increases Vary by Duration of Service <sup>1</sup>

Duration of Service	State Miscellaneous First & Second Tier			State Industrial First & Second Tier		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	13.35%	10.95%	8.25%	9.55%	8.85%	8.25%
3	8.95	8.05	6.55	8.15	7.75	7.35
5	7.25	6.75	5.85	7.35	7.15	6.95
10	4.95	4.85	4.45	6.05	5.85	5.75
15	4.25	4.15	3.95	5.15	5.05	4.95
20	3.85	3.85	3.75	4.55	4.45	4.35
25	3.55	3.55	3.45	3.85	3.85	3.85
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	State Safety			State Peace Officers & Firefighters		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	7.55%	7.35%	7.15%	19.95%	18.55%	16.85%
3	6.15	5.65	4.85	9.05	8.85	8.25
5	5.55	5.05	4.05	6.85	6.65	6.05
10	4.85	4.35	3.55	4.65	4.55	4.35
15	4.35	4.05	3.45	4.15	4.05	4.05
20	3.95	3.75	3.45	3.85	3.75	3.75
25	3.65	3.55	3.35	3.55	3.55	3.55
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	California Highway Patrol			Schools		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	9.05%	9.05%	9.05%	11.05%	9.85%	8.45%
3	6.25	6.25	6.25	7.75	7.25	6.45
5	5.15	5.15	5.15	6.55	6.25	5.55
10	3.95	3.95	3.95	4.75	4.65	4.35
15	3.75	3.75	3.75	4.15	4.05	3.75
20	3.55	3.55	3.55	3.85	3.75	3.45
25	3.45	3.45	3.45	3.55	3.55	3.35
30	3.25	3.25	3.25	3.25	3.25	3.25

**Note:**

<sup>1</sup> Increase includes the assumed inflation rate of 3.0 percent per year.

# Exhibit C – Sample Pay Increase Assumptions for Individual Members (continued)

## Annual Percentage Increases Vary by Duration of Service <sup>1</sup>

Duration of Service	Public Agency Miscellaneous			Public Agency Fire		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	14.45%	12.65%	10.05%	10.75%	10.75%	10.45%
3	9.05	8.25	6.95	8.25	7.75	6.25
5	7.25	6.75	5.85	7.15	6.45	4.75
10	5.05	4.85	4.35	5.35	4.85	3.75
15	4.55	4.35	3.85	4.35	4.15	3.65
20	4.15	3.95	3.55	3.95	3.85	3.45
25	3.65	3.65	3.45	3.55	3.55	3.35
30	3.25	3.25	3.25	3.25	3.25	3.25

Duration of Service	Public Agency Police			Public Agency County Peace Officers		
	Entry Age 20	Entry Age 30	Entry Age 40	Entry Age 20	Entry Age 30	Entry Age 40
0	11.15%	11.15%	11.15%	13.15%	13.15%	13.15%
3	7.45	7.25	6.65	8.45	7.95	7.35
5	6.15	5.75	5.05	6.85	6.25	5.55
10	4.75	4.45	3.65	4.85	4.45	4.05
15	4.35	4.15	3.55	4.35	4.05	3.85
20	3.95	3.85	3.45	3.95	3.85	3.65
25	3.65	3.55	3.35	3.65	3.55	3.45
30	3.25	3.25	3.25	3.25	3.25	3.25

**Note:**

<sup>1</sup> Increase includes the assumed inflation rate of 3.0 percent per year.

## Exhibit D – Sample Non-Economic Assumptions

### State Miscellaneous First Tier

Probability of an active member leaving due to:

Age <sup>1</sup>	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years <sup>2</sup>	5 Years <sup>2</sup>	10 Years <sup>2</sup>	25 Years <sup>2</sup>	Male	Female	Male	Female	Male and Female	Male and Female
20	0.02070	0.03520	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.01870	0.03190	N/A	N/A	0.00027	0.00014	0.00020	0.00050	N/A	N/A
30	0.01680	0.02860	N/A	N/A	0.00038	0.00021	0.00030	0.00100	N/A	N/A
35	0.01490	0.02530	N/A	N/A	0.00054	0.00031	0.00050	0.00140	N/A	N/A
40	0.01290	0.02210	N/A	N/A	0.00077	0.00046	0.00120	0.00220	N/A	N/A
45	0.01100	0.00000	N/A	N/A	0.00110	0.00068	0.00220	0.00350	N/A	N/A
50	0.00910	0.00000	0.00880	0.01870	0.00156	0.00102	0.00380	0.00560	N/A	N/A
55	0.00710	0.00000	0.03170	0.06730	0.00221	0.00151	0.00400	0.00700	N/A	N/A
56	0.00680	0.00000	0.02550	0.05410	0.00237	0.00164	0.00380	0.00690	N/A	N/A
57	0.00640	0.00000	0.03220	0.06830	0.00255	0.00178	0.00350	0.00680	N/A	N/A
58	0.00600	0.00000	0.04010	0.08510	0.00273	0.00192	0.00320	0.00650	N/A	N/A
59	0.00560	0.00000	0.04680	0.09940	0.00293	0.00208	0.00290	0.00610	N/A	N/A
60	0.00520	0.00000	0.06970	0.14790	0.00314	0.00226	0.00260	0.00570	N/A	N/A
61	0.00480	0.00000	0.06930	0.14710	0.00337	0.00244	0.00230	0.00530	N/A	N/A
62	0.00440	0.00000	0.12520	0.26590	0.00362	0.00265	0.00210	0.00490	N/A	N/A
63	0.00400	0.00000	0.14970	0.31790	0.00388	0.00287	0.00190	0.00460	N/A	N/A
64	0.00370	0.00000	0.09890	0.20990	0.00416	0.00310	0.00170	0.00420	N/A	N/A
65	0.00330	0.00000	0.14470	0.30730	0.00447	0.00336	0.00150	0.00380	N/A	N/A
70	0.00130	0.00000	0.10680	0.22680	0.00634	0.00500	0.00150	0.00380	N/A	N/A

### State Miscellaneous Second Tier

Probability of an active member leaving due to:

Age <sup>1</sup>	Non-Vested Termination	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years <sup>2</sup>	10 Years <sup>2</sup>	10 Years <sup>2</sup>	25 Years <sup>2</sup>	Male	Female	Male	Female	Male and Female	Male and Female
20	0.08430	0.05890	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.07800	0.05260	N/A	N/A	0.00027	0.00014	0.00020	0.00040	N/A	N/A
30	0.07170	0.04630	N/A	N/A	0.00038	0.00021	0.00030	0.00060	N/A	N/A
35	0.06540	0.04000	N/A	N/A	0.00054	0.00031	0.00030	0.00170	N/A	N/A
40	0.05910	0.00000	N/A	N/A	0.00077	0.00046	0.00230	0.00410	N/A	N/A
45	0.05280	0.00000	N/A	N/A	0.00110	0.00068	0.00420	0.00680	N/A	N/A
50	0.04650	0.00000	0.01280	0.02210	0.00156	0.00102	0.00580	0.00990	N/A	N/A
55	0.04020	0.00000	0.04000	0.06890	0.00221	0.00151	0.00730	0.01230	N/A	N/A
56	0.03900	0.00000	0.03000	0.05170	0.00237	0.00164	0.00750	0.01260	N/A	N/A
57	0.03770	0.00000	0.04030	0.06950	0.00255	0.00178	0.00770	0.01290	N/A	N/A
58	0.03650	0.00000	0.05230	0.09020	0.00273	0.00192	0.00780	0.01310	N/A	N/A
59	0.03520	0.00000	0.03660	0.06310	0.00293	0.00208	0.00800	0.01330	N/A	N/A
60	0.03390	0.00000	0.05660	0.19750	0.00314	0.00226	0.00810	0.01340	N/A	N/A
61	0.03270	0.00000	0.06640	0.11440	0.00337	0.00244	0.00830	0.01340	N/A	N/A
62	0.03140	0.00000	0.15120	0.26050	0.00362	0.00265	0.00840	0.01340	N/A	N/A
63	0.03020	0.00000	0.09620	0.16590	0.00388	0.00287	0.00860	0.01340	N/A	N/A
64	0.02890	0.00000	0.12420	0.21410	0.00416	0.00310	0.00870	0.01340	N/A	N/A
65	0.02770	0.00000	0.21950	0.37830	0.00447	0.00336	0.00890	0.01330	N/A	N/A
70	0.02140	0.00000	0.14160	0.24400	0.00634	0.00500	0.00890	0.01330	N/A	N/A

#### Notes:

<sup>1</sup> Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

<sup>2</sup> Years of service.

## Exhibit D – Sample Non-Economic Assumptions (continued)

### California Highway Patrol

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.01150	20	0.00610	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00090	
1	0.01110	25	0.00610	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00170	
2	0.01080	30	0.00610	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00250	
3	0.01040	35	0.00610	N/A	N/A	0.00054	0.00031	0.00010	0.00013	0.00330	
4	0.01010	40	0.00610	N/A	N/A	0.00077	0.00046	0.00010	0.00017	0.00420	
5	0.00360	45	0.00000	N/A	N/A	0.00110	0.00068	0.00020	0.00020	0.00500	
6	0.00340	50	0.00000	0.00440	0.01320	0.00156	0.00102	0.00020	0.00023	0.00580	
7	0.00320	55	0.00000	0.02800	0.08400	0.00221	0.00151	0.00020	0.00027	0.11890	
8	0.00300	56	0.00000	0.02710	0.08130	0.00237	0.00164	0.00020	0.00027	0.11890	
9	0.00280	57	0.00000	0.02990	0.08970	0.00255	0.00178	0.00020	0.00028	0.11890	
10	0.00260	58	0.00000	0.02990	0.06860	0.00273	0.00192	0.00020	0.00029	0.11890	
15	0.00170	59	0.00000	0.04530	0.13580	0.00293	0.00208	0.00020	0.00029	0.11890	
20	0.00100	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00020	0.00030	0.11890	
25	0.00050	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00020	0.00031	0.11890	
30	0.00030	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00020	0.00031	0.11890	
35	0.00030	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00020	0.00032	0.11890	
40	0.00030	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00020	0.00033	0.11890	
45	0.00030	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00020	0.00033	0.11890	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00020	0.00037	0.11890	

### School Employees

Probability of an active member leaving due to:

Age <sup>3</sup>	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years <sup>1</sup>	5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male	Female	Male and Female	Male and Female
20	0.03470	0.05910	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.03110	0.05310	N/A	N/A	0.00027	0.00014	0.00020	0.00010	N/A	N/A
30	0.02760	0.04700	N/A	N/A	0.00038	0.00021	0.00040	0.00030	N/A	N/A
35	0.02400	0.04100	N/A	N/A	0.00054	0.00031	0.00080	0.00050	N/A	N/A
40	0.02050	0.03490	N/A	N/A	0.00077	0.00046	0.00140	0.00100	N/A	N/A
45	0.01690	0.00000	N/A	N/A	0.00110	0.00068	0.00280	0.00160	N/A	N/A
50	0.01340	0.00000	0.00710	0.01310	0.00156	0.00102	0.00500	0.00300	N/A	N/A
55	0.00980	0.00000	0.03840	0.07070	0.00221	0.00151	0.00720	0.00470	N/A	N/A
56	0.00910	0.00000	0.03140	0.05780	0.00237	0.00164	0.00740	0.00470	N/A	N/A
57	0.00840	0.00000	0.03370	0.06200	0.00255	0.00178	0.00750	0.00470	N/A	N/A
58	0.00770	0.00000	0.04020	0.07390	0.00273	0.00192	0.00740	0.00440	N/A	N/A
59	0.00700	0.00000	0.04570	0.08420	0.00293	0.00208	0.00730	0.00410	N/A	N/A
60	0.00630	0.00000	0.07290	0.13420	0.00314	0.00226	0.00710	0.00370	N/A	N/A
61	0.00560	0.00000	0.07210	0.13280	0.00337	0.00244	0.00690	0.00340	N/A	N/A
62	0.00490	0.00000	0.15120	0.27840	0.00362	0.00265	0.00660	0.00310	N/A	N/A
63	0.00410	0.00000	0.13630	0.25100	0.00388	0.00287	0.00630	0.00270	N/A	N/A
64	0.00340	0.00000	0.10600	0.19510	0.00416	0.00310	0.00600	0.00240	N/A	N/A
65	0.00270	0.00000	0.17970	0.33080	0.00447	0.00336	0.00570	0.00200	N/A	N/A
70	0.00040	0.00000	0.13080	0.24080	0.00634	0.00500	0.00570	0.00200	N/A	N/A

#### Notes:

<sup>1</sup> Years of service.

<sup>2</sup> Age for termination with vested deferred benefits means Entry Age. For all other decrements, age means Attained Age.

<sup>3</sup> Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

## Exhibit D – Sample Non-Economic Assumptions (continued)

### State Safety

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.14320	20	0.01450	N/A	N/A	0.00019	0.00009	0.00040	0.00003	0.00020	
1	0.09160	25	0.01450	N/A	N/A	0.00027	0.00014	0.00060	0.00007	0.00090	
2	0.05070	30	0.01450	N/A	N/A	0.00038	0.00021	0.00070	0.00010	0.00180	
3	0.04150	35	0.01450	N/A	N/A	0.00054	0.00031	0.00080	0.00013	0.00270	
4	0.03230	40	0.01450	N/A	N/A	0.00077	0.00046	0.00080	0.00017	0.00360	
5	0.00850	45	0.00000	N/A	N/A	0.00110	0.00068	0.00120	0.00020	0.00440	
6	0.00790	50	0.00000	0.01610	0.04170	0.00156	0.00102	0.00240	0.00023	0.00530	
7	0.00740	55	0.00000	0.07790	0.20170	0.00221	0.00151	0.00340	0.00027	0.00800	
8	0.00690	56	0.00000	0.05590	0.14460	0.00237	0.00164	0.00360	0.00027	0.00800	
9	0.00640	57	0.00000	0.05840	0.15110	0.00255	0.00178	0.00380	0.00028	0.00800	
10	0.00590	58	0.00000	0.05260	0.13610	0.00273	0.00192	0.00390	0.00029	0.00800	
15	0.00380	59	0.00000	0.06260	0.16200	0.00293	0.00208	0.00410	0.00029	0.00800	
20	0.00220	60	0.00000	0.06710	0.17350	0.00314	0.00226	0.00430	0.00030	0.00800	
25	0.00090	61	0.00000	0.07020	0.18180	0.00337	0.00244	0.00440	0.00031	0.00800	
30	0.00050	62	0.00000	0.09290	0.24050	0.00362	0.00265	0.00460	0.00031	0.00800	
35	0.00050	63	0.00000	0.08570	0.22180	0.00388	0.00287	0.00480	0.00032	0.00800	
40	0.00050	64	0.00000	0.09140	0.23660	0.00416	0.00310	0.00490	0.00033	0.00800	
45	0.00050	65	0.00000	0.13180	0.34110	0.00447	0.00336	0.00510	0.00033	0.00800	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00510	0.00037	0.00800	

### State Peace Officers and Firefighters

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.14320	20	0.01450	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00030	
1	0.09160	25	0.01450	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00150	
2	0.05070	30	0.01450	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00300	
3	0.04150	35	0.01450	N/A	N/A	0.00054	0.00031	0.00020	0.00013	0.00450	
4	0.03230	40	0.01450	N/A	N/A	0.00077	0.00046	0.00050	0.00017	0.00600	
5	0.00850	45	0.00000	N/A	N/A	0.00110	0.00068	0.00080	0.00020	0.00750	
6	0.00790	50	0.00000	0.01610	0.04170	0.00156	0.00102	0.00130	0.00023	0.00900	
7	0.00740	55	0.00000	0.07790	0.20170	0.00221	0.00151	0.00190	0.00027	0.02080	
8	0.00690	56	0.00000	0.05590	0.14460	0.00237	0.00164	0.00200	0.00027	0.02080	
9	0.00640	57	0.00000	0.05840	0.15110	0.00255	0.00178	0.00210	0.00028	0.02080	
10	0.00590	58	0.00000	0.05260	0.13610	0.00273	0.00192	0.00220	0.00029	0.02080	
15	0.00380	59	0.00000	0.06260	0.16200	0.00293	0.00208	0.00240	0.00029	0.02080	
20	0.00220	60	0.00000	0.06710	0.17350	0.00314	0.00226	0.00250	0.00030	0.02080	
25	0.00090	61	0.00000	0.07020	0.18180	0.00337	0.00244	0.00260	0.00031	0.02080	
30	0.00050	62	0.00000	0.09290	0.24050	0.00362	0.00265	0.00270	0.00031	0.02080	
35	0.00050	63	0.00000	0.08570	0.22180	0.00388	0.00287	0.00290	0.00032	0.02080	
40	0.00050	64	0.00000	0.09140	0.23660	0.00416	0.00310	0.00300	0.00033	0.02080	
45	0.00050	65	0.00000	0.13180	0.34110	0.00447	0.00336	0.00310	0.00033	0.02080	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00310	0.00037	0.02080	

**Notes:**

<sup>1</sup> Years of service.

<sup>2</sup> Age for termination with vested deferred benefits means Entry Age. For all other decrements, age means Attained Age.

## Exhibit D – Sample Non-Economic Assumptions (continued)

### Public Agency 2% at 55 Miscellaneous

Probability of an active member leaving due to:

Age <sup>1</sup>	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years <sup>2</sup>	5 Years <sup>2</sup>	10 Years <sup>2</sup>	25 Years <sup>2</sup>	Male	Female	Male	Female	Male and Female	Male and Female
20	0.02830	0.04820	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.02570	0.04390	N/A	N/A	0.00027	0.00014	0.00020	0.00020	N/A	N/A
30	0.02320	0.03950	N/A	N/A	0.00038	0.00021	0.00020	0.00040	N/A	N/A
35	0.02060	0.03510	N/A	N/A	0.00054	0.00310	0.00080	0.00100	N/A	N/A
40	0.01810	0.03070	N/A	N/A	0.00077	0.00460	0.00150	0.00160	N/A	N/A
45	0.01550	0.00000	N/A	N/A	0.00110	0.00068	0.00240	0.00230	N/A	N/A
50	0.01290	0.00000	0.01840	0.03070	0.00156	0.00102	0.00370	0.00350	N/A	N/A
55	0.01040	0.00000	0.06040	0.10080	0.00221	0.00151	0.00490	0.00410	N/A	N/A
56	0.00990	0.00000	0.05020	0.08380	0.00237	0.00164	0.00510	0.00410	N/A	N/A
57	0.00930	0.00000	0.05420	0.09050	0.00255	0.00178	0.00530	0.00410	N/A	N/A
58	0.00880	0.00000	0.06010	0.10030	0.00273	0.00192	0.00530	0.00400	N/A	N/A
59	0.00830	0.00000	0.06480	0.10820	0.00293	0.00208	0.00540	0.00390	N/A	N/A
60	0.00780	0.00000	0.09080	0.15160	0.00314	0.00226	0.00550	0.00390	N/A	N/A
61	0.00730	0.00000	0.09080	0.15160	0.00337	0.00244	0.00550	0.00380	N/A	N/A
62	0.00680	0.00000	0.01620	0.27040	0.00362	0.00265	0.00550	0.00370	N/A	N/A
63	0.00630	0.00000	0.16360	0.27310	0.00388	0.00287	0.00550	0.00360	N/A	N/A
64	0.00580	0.00000	0.11820	0.19740	0.00416	0.00310	0.00540	0.00350	N/A	N/A
65	0.00520	0.00000	0.22090	0.36880	0.00447	0.00336	0.00540	0.00330	N/A	N/A
70	0.00270	0.00000	0.15550	0.25960	0.00634	0.00500	0.00540	0.00330	N/A	N/A

### Public Agency 2.5% at 55 Miscellaneous

Probability of an active member leaving due to:

Age <sup>1</sup>	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years <sup>2</sup>	5 Years <sup>2</sup>	Male	Female	Male	Female	Male	Female	Male and Female	Male and Female
20	0.02830	0.04820	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.02570	0.04390	N/A	N/A	0.00027	0.00014	0.00020	0.00020	N/A	N/A
30	0.02320	0.03950	N/A	N/A	0.00038	0.00021	0.00020	0.00040	N/A	N/A
35	0.02060	0.03510	N/A	N/A	0.00054	0.00310	0.00080	0.00100	N/A	N/A
40	0.01810	0.03070	N/A	N/A	0.00077	0.00460	0.00150	0.00160	N/A	N/A
45	0.01550	0.00000	N/A	N/A	0.00110	0.00068	0.00240	0.00230	N/A	N/A
50	0.01290	0.00000	0.05000	0.07000	0.00156	0.00102	0.00370	0.00350	N/A	N/A
55	0.01040	0.00000	0.08000	0.09000	0.00221	0.00151	0.00490	0.00410	N/A	N/A
56	0.00990	0.00000	0.06000	0.07000	0.00237	0.00164	0.00510	0.00410	N/A	N/A
57	0.00930	0.00000	0.07000	0.06000	0.00255	0.00178	0.00530	0.00410	N/A	N/A
58	0.00880	0.00000	0.08000	0.10000	0.00273	0.00192	0.00530	0.00400	N/A	N/A
59	0.00830	0.00000	0.09000	0.09000	0.00293	0.00208	0.00540	0.00390	N/A	N/A
60	0.00780	0.00000	0.16000	0.12000	0.00314	0.00226	0.00550	0.00390	N/A	N/A
61	0.00730	0.00000	0.15000	0.10000	0.00337	0.00244	0.00550	0.00380	N/A	N/A
62	0.00680	0.00000	0.26000	0.21000	0.00362	0.00265	0.00550	0.00370	N/A	N/A
63	0.00630	0.00000	0.22000	0.18000	0.00388	0.00287	0.00550	0.00360	N/A	N/A
64	0.00580	0.00000	0.15000	0.13000	0.00416	0.00310	0.00540	0.00350	N/A	N/A
65	0.00520	0.00000	0.25000	0.25000	0.00447	0.00336	0.00540	0.00330	N/A	N/A
70	0.00270	0.00000	1.00000	1.00000	0.00634	0.00500	0.00540	0.00330	N/A	N/A

**Notes:**

<sup>1</sup> Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

<sup>2</sup> Years of service.

## Exhibit D – Sample Non-Economic Assumptions (continued)

### Public Agency 2.7% at 55 Miscellaneous

Probability of an active member leaving due to:

Age <sup>1</sup>	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years <sup>2</sup>	5 Years <sup>2</sup>	Male	Female	Male	Female	Male	Female	Male and Female	Male and Female
20	0.02830	0.04820	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.02570	0.04390	N/A	N/A	0.00027	0.00014	0.00020	0.00020	N/A	N/A
30	0.02320	0.03950	N/A	N/A	0.00038	0.00021	0.00020	0.00040	N/A	N/A
35	0.02060	0.03510	N/A	N/A	0.00054	0.00031	0.00080	0.00100	N/A	N/A
40	0.01810	0.03070	N/A	N/A	0.00077	0.00046	0.00150	0.00160	N/A	N/A
45	0.01550	0.00000	N/A	N/A	0.00110	0.00068	0.00240	0.00230	N/A	N/A
50	0.01290	0.00000	0.05000	0.07000	0.00156	0.00102	0.00370	0.00350	N/A	N/A
55	0.01040	0.00000	0.09000	0.10000	0.00221	0.00151	0.00490	0.00410	N/A	N/A
56	0.00990	0.00000	0.07000	0.08000	0.00237	0.00164	0.00510	0.00410	N/A	N/A
57	0.00930	0.00000	0.08000	0.07000	0.00255	0.00178	0.00530	0.00410	N/A	N/A
58	0.00880	0.00000	0.08000	0.10000	0.00273	0.00192	0.00530	0.00400	N/A	N/A
59	0.00830	0.00000	0.10000	0.09000	0.00293	0.00208	0.00540	0.00390	N/A	N/A
60	0.00830	0.00000	0.17000	0.13000	0.00314	0.00226	0.00550	0.00390	N/A	N/A
61	0.00830	0.00000	0.16000	0.11000	0.00337	0.00244	0.00550	0.00380	N/A	N/A
62	0.00830	0.00000	0.28000	0.23000	0.00362	0.00265	0.00550	0.00370	N/A	N/A
63	0.00830	0.00000	0.23000	0.20000	0.00388	0.00287	0.00550	0.00360	N/A	N/A
64	0.00830	0.00000	0.16000	0.14000	0.00416	0.00310	0.00540	0.00350	N/A	N/A
65	0.00830	0.00000	0.27000	0.27000	0.00447	0.00336	0.00540	0.00330	N/A	N/A
70	0.00830	0.00000	1.00000	1.00000	0.00634	0.00500	0.00540	0.00330	N/A	N/A

### Public Agency 3% at 60 Miscellaneous

Probability of an active member leaving due to:

Age <sup>1</sup>	Termination with Refund	Termination with Vested Deferred Benefits	Service Retirement		Non-Industrial Death		Non-Industrial Disability		Industrial Death	Industrial Disability
	5 Years <sup>2</sup>	5 Years <sup>2</sup>	Male	Female	Male	Female	Male	Female	Male and Female	Male and Female
20	0.02830	0.04820	N/A	N/A	0.00019	0.00009	0.00010	0.00010	N/A	N/A
25	0.02570	0.04390	N/A	N/A	0.00027	0.00014	0.00020	0.00020	N/A	N/A
30	0.02320	0.03950	N/A	N/A	0.00038	0.00021	0.00020	0.00040	N/A	N/A
35	0.02060	0.03510	N/A	N/A	0.00054	0.00031	0.00080	0.00100	N/A	N/A
40	0.01810	0.03070	N/A	N/A	0.00077	0.00046	0.00150	0.00160	N/A	N/A
45	0.01550	0.00000	N/A	N/A	0.00110	0.00068	0.00240	0.00230	N/A	N/A
50	0.01290	0.00000	0.05000	0.07000	0.00156	0.00102	0.00370	0.00350	N/A	N/A
55	0.01040	0.00000	0.08000	0.09000	0.00221	0.00151	0.00490	0.00410	N/A	N/A
56	0.00940	0.00000	0.07000	0.08000	0.00237	0.00164	0.00510	0.00410	N/A	N/A
57	0.00930	0.00000	0.08000	0.07000	0.00255	0.00178	0.00530	0.00410	N/A	N/A
58	0.00880	0.00000	0.09000	0.11000	0.00273	0.00192	0.00530	0.00400	N/A	N/A
59	0.00830	0.00000	0.11000	0.10000	0.00293	0.00208	0.00530	0.00390	N/A	N/A
60	0.00780	0.00000	0.19000	0.15000	0.00314	0.00226	0.00540	0.00390	N/A	N/A
61	0.00730	0.00000	0.17000	0.12000	0.00337	0.00244	0.00550	0.00380	N/A	N/A
62	0.00680	0.00000	0.31000	0.25000	0.00362	0.00265	0.00550	0.00370	N/A	N/A
63	0.00630	0.00000	0.26000	0.22000	0.00388	0.00287	0.00550	0.00360	N/A	N/A
64	0.00580	0.00000	0.18000	0.16000	0.00416	0.00310	0.00550	0.00350	N/A	N/A
65	0.00520	0.00000	0.30000	0.30000	0.00447	0.00336	0.00540	0.00330	N/A	N/A
70	0.00270	0.00000	1.00000	1.00000	0.00634	0.00500	0.00540	0.00330	N/A	N/A

**Notes:**

<sup>1</sup> Age for Termination with Refund and Termination with Vested Deferred Benefits means Entry Age. For all other decrements, age means Attained Age.

<sup>2</sup> Years of service.

## Exhibit D – Sample Non-Economic Assumptions (continued)

### Public Agency 2% at 50 Police

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.12990	20	0.01870	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00060	
1	0.08160	25	0.01870	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00280	
2	0.03480	30	0.01870	N/A	N/A	0.00038	0.00021	0.00020	0.00010	0.00560	
3	0.03310	35	0.01870	N/A	N/A	0.00054	0.00031	0.00030	0.00013	0.00840	
4	0.03140	40	0.01870	N/A	N/A	0.00077	0.00046	0.00040	0.00017	0.01120	
5	0.01100	45	0.00000	N/A	N/A	0.00110	0.00068	0.00050	0.00020	0.01400	
6	0.01010	50	0.00000	0.01380	0.02530	0.00156	0.00102	0.00080	0.00023	0.01670	
7	0.00920	55	0.00000	0.08990	0.16450	0.00221	0.00151	0.00130	0.00027	0.05810	
8	0.00840	56	0.00000	0.06380	0.11660	0.00237	0.00164	0.00150	0.00027	0.05810	
9	0.00760	57	0.00000	0.07110	0.13000	0.00255	0.00178	0.00160	0.00028	0.05810	
10	0.00680	58	0.00000	0.06280	0.11490	0.00273	0.00192	0.00180	0.00029	0.05810	
15	0.00350	59	0.00000	0.13960	0.17350	0.00293	0.00208	0.00200	0.00029	0.05810	
20	0.00220	60	0.00000	0.13960	0.17190	0.00314	0.00226	0.00200	0.00030	0.05810	
25	0.00150	61	0.00000	0.13960	0.17190	0.00337	0.00244	0.00200	0.00031	0.05810	
30	0.00120	62	0.00000	0.13960	0.17190	0.00362	0.00265	0.00200	0.00031	0.05810	
35	0.00120	63	0.00000	0.13960	0.17190	0.00388	0.00287	0.00200	0.00032	0.05810	
40	0.00120	64	0.00000	0.13960	0.17190	0.00416	0.00310	0.00200	0.00033	0.05810	
45	0.00120	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00200	0.00033	0.05810	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00200	0.00037	0.05810	

### Public Agency 2% at 50 Fire

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.09470	20	0.01620	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00020	
1	0.07390	25	0.01620	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00100	
2	0.05310	30	0.01620	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00210	
3	0.03230	35	0.01620	N/A	N/A	0.00054	0.00031	0.00010	0.00013	0.00310	
4	0.02900	40	0.01620	N/A	N/A	0.00077	0.00046	0.00010	0.00017	0.00410	
5	0.00950	45	0.00000	N/A	N/A	0.00110	0.00068	0.00020	0.00020	0.00510	
6	0.00800	50	0.00000	0.00650	0.01010	0.00156	0.00102	0.00050	0.00023	0.00620	
7	0.00660	55	0.00000	0.07790	0.13360	0.00221	0.00151	0.00100	0.00027	0.06010	
8	0.00530	56	0.00000	0.07790	0.12000	0.00237	0.00164	0.00110	0.00027	0.06010	
9	0.00410	57	0.00000	0.09010	0.13870	0.00255	0.00178	0.00130	0.00028	0.06010	
10	0.00290	58	0.00000	0.07900	0.12170	0.00273	0.00192	0.00150	0.00029	0.06010	
15	0.00210	59	0.00000	0.07290	0.11230	0.00293	0.00208	0.00150	0.00029	0.06010	
20	0.00160	60	0.00000	0.11350	0.17470	0.00314	0.00226	0.00150	0.00030	0.06010	
25	0.00100	61	0.00000	0.11360	0.17490	0.00337	0.00244	0.00150	0.00031	0.06010	
30	0.00090	62	0.00000	0.11360	0.17490	0.00362	0.00265	0.00150	0.00031	0.06010	
35	0.00090	63	0.00000	0.11360	0.17490	0.00388	0.00287	0.00150	0.00032	0.06010	
40	0.00090	64	0.00000	0.11360	0.17490	0.00416	0.00310	0.00150	0.00033	0.06010	
45	0.00090	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00150	0.00033	0.06010	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00150	0.00037	0.06010	

**Notes:**

<sup>1</sup> Years of service.

<sup>2</sup> Age for termination with vested deferred benefits means “Entry Age.” For all other decrements, age means “Attained Age.”

## Exhibit D – Sample Non-Economic Assumptions (continued)

### Public Agency 3% at 50 Police

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.12990	20	0.01870	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00060	
1	0.08160	25	0.01870	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00280	
2	0.03480	30	0.01870	N/A	N/A	0.00038	0.00021	0.00020	0.00010	0.00560	
3	0.03310	35	0.01870	N/A	N/A	0.00054	0.00031	0.00030	0.00013	0.00840	
4	0.03140	40	0.01870	N/A	N/A	0.00077	0.00046	0.00040	0.00017	0.01120	
5	0.01100	45	0.00000	N/A	N/A	0.00110	0.00068	0.00050	0.00020	0.01400	
6	0.01010	50	0.00000	0.04350	0.12080	0.00156	0.00102	0.00080	0.00023	0.01670	
7	0.00920	55	0.00000	0.08980	0.24970	0.00221	0.00151	0.00130	0.00027	0.05810	
8	0.00840	56	0.00000	0.06870	0.19100	0.00237	0.00164	0.00150	0.00027	0.05810	
9	0.00760	57	0.00000	0.08030	0.22320	0.00255	0.00178	0.00160	0.00028	0.05810	
10	0.00680	58	0.00000	0.07910	0.21980	0.00273	0.00192	0.00180	0.00029	0.05810	
15	0.00350	59	0.00000	0.08200	0.22790	0.00293	0.00208	0.00200	0.00029	0.05810	
20	0.00220	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00200	0.00030	0.05810	
25	0.00150	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00200	0.00031	0.05810	
30	0.00120	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00200	0.00031	0.05810	
35	0.00120	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00200	0.00032	0.05810	
40	0.00120	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00200	0.00033	0.05810	
45	0.00120	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00200	0.00033	0.05810	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00200	0.00037	0.05810	

### Public Agency 3% at 50 Fire

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.09470	20	0.01620	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00020	
1	0.07390	25	0.01620	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00100	
2	0.05310	30	0.01620	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00210	
3	0.03230	35	0.01620	N/A	N/A	0.00054	0.00031	0.00010	0.00013	0.00310	
4	0.02900	40	0.01620	N/A	N/A	0.00077	0.00046	0.00010	0.00017	0.00410	
5	0.00950	45	0.00000	N/A	N/A	0.00110	0.00068	0.00020	0.00020	0.00510	
6	0.00800	50	0.00000	0.03410	0.06790	0.00156	0.00102	0.00050	0.00023	0.00620	
7	0.00660	55	0.00000	0.12650	0.25160	0.00221	0.00151	0.00100	0.00027	0.06010	
8	0.00530	56	0.00000	0.12100	0.24070	0.00237	0.00164	0.00110	0.00027	0.06010	
9	0.00410	57	0.00000	0.10100	0.20100	0.00255	0.00178	0.00130	0.00028	0.06010	
10	0.00290	58	0.00000	0.11840	0.23540	0.00273	0.00192	0.00150	0.00029	0.06010	
15	0.00210	59	0.00000	0.10020	0.19930	0.00293	0.00208	0.00150	0.00029	0.06010	
20	0.00160	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00150	0.00030	0.06010	
25	0.00100	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00150	0.00031	0.06010	
30	0.00090	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00150	0.00031	0.06010	
35	0.00090	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00150	0.00032	0.06010	
40	0.00090	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00150	0.00033	0.06010	
45	0.00090	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00150	0.00033	0.06010	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00150	0.00037	0.06010	

**Notes:**

<sup>1</sup> Years of service.

<sup>2</sup> Age for termination with vested deferred benefits means Entry Age. For all other decrements, age means Attained Age.

## Exhibit D – Sample Non-Economic Assumptions (continued)

### Public Agency 3% at 55 Police

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.12990	20	0.01870	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00060	
1	0.08160	25	0.01870	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00280	
2	0.03480	30	0.01870	N/A	N/A	0.00038	0.00021	0.00020	0.00010	0.00560	
3	0.03310	35	0.01870	N/A	N/A	0.00054	0.00031	0.00030	0.00013	0.00840	
4	0.03140	40	0.01870	N/A	N/A	0.00077	0.00046	0.00040	0.00017	0.01120	
5	0.01100	45	0.00000	N/A	N/A	0.00110	0.00068	0.00050	0.00020	0.01400	
6	0.01010	50	0.00000	0.01930	0.03970	0.00156	0.00102	0.00080	0.00023	0.01670	
7	0.00920	55	0.00000	0.11640	0.23970	0.00221	0.00151	0.00130	0.00027	0.05810	
8	0.00840	56	0.00000	0.07560	0.15560	0.00237	0.00164	0.00150	0.00027	0.05810	
9	0.00760	57	0.00000	0.05810	0.11960	0.00255	0.00178	0.00160	0.00028	0.05810	
10	0.00680	58	0.00000	0.05080	0.10450	0.00273	0.00192	0.00180	0.00029	0.05810	
15	0.00350	59	0.00000	0.06250	0.12870	0.00293	0.00208	0.00200	0.00029	0.05810	
20	0.00220	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00200	0.00030	0.05810	
25	0.00150	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00200	0.00031	0.05810	
30	0.00120	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00200	0.00031	0.05810	
35	0.00120	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00200	0.00032	0.05810	
40	0.00120	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00200	0.00033	0.05810	
45	0.00120	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00200	0.00033	0.05810	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00200	0.00037	0.05810	

### Public Agency 3% at 55 Fire

Probability of an active member leaving due to:

Years <sup>1</sup>	Termination with Refund	Age <sup>2</sup>	Termination with Vested Deferred Benefits	Service Retirement			Non-Industrial Death		Non-Industrial Disability	Industrial Death	Industrial Disability
	Vary by Service		5 Years <sup>1</sup>	10 Years <sup>1</sup>	25 Years <sup>1</sup>	Male	Female	Male and Female	Male and Female	Male and Female	
0	0.09470	20	0.01620	N/A	N/A	0.00019	0.00009	0.00010	0.00003	0.00020	
1	0.07390	25	0.01620	N/A	N/A	0.00027	0.00014	0.00010	0.00007	0.00100	
2	0.05310	30	0.01620	N/A	N/A	0.00038	0.00021	0.00010	0.00010	0.00210	
3	0.03230	35	0.01620	N/A	N/A	0.00054	0.00031	0.00010	0.00013	0.00310	
4	0.02900	40	0.01620	N/A	N/A	0.00077	0.00046	0.00010	0.00017	0.00410	
5	0.00950	45	0.00000	N/A	N/A	0.00110	0.00068	0.00020	0.00020	0.00510	
6	0.00800	50	0.00000	0.00240	0.00550	0.00156	0.00102	0.00050	0.00023	0.00620	
7	0.00660	55	0.00000	0.09150	0.21090	0.00221	0.00151	0.00100	0.00027	0.06010	
8	0.00530	56	0.00000	0.08110	0.18680	0.00237	0.00164	0.00110	0.00027	0.06010	
9	0.00410	57	0.00000	0.09960	0.22950	0.00255	0.00178	0.00130	0.00028	0.06010	
10	0.00290	58	0.00000	0.08140	0.18740	0.00273	0.00192	0.00150	0.00029	0.06010	
15	0.00210	59	0.00000	0.07750	0.17840	0.00293	0.00208	0.00150	0.00029	0.06010	
20	0.00160	60	0.00000	1.00000	1.00000	0.00314	0.00226	0.00150	0.00030	0.06010	
25	0.00100	61	0.00000	1.00000	1.00000	0.00337	0.00244	0.00150	0.00031	0.06010	
30	0.00090	62	0.00000	1.00000	1.00000	0.00362	0.00265	0.00150	0.00031	0.06010	
35	0.00090	63	0.00000	1.00000	1.00000	0.00388	0.00287	0.00150	0.00032	0.06010	
40	0.00090	64	0.00000	1.00000	1.00000	0.00416	0.00310	0.00150	0.00033	0.06010	
45	0.00090	65	0.00000	1.00000	1.00000	0.00447	0.00336	0.00150	0.00033	0.06010	
50	0.00000	70	0.00000	1.00000	1.00000	0.00634	0.00500	0.00150	0.00037	0.06010	

**Notes:**

<sup>1</sup> Years of service.

<sup>2</sup> Age for termination with vested deferred benefits means Entry Age. For all other decrements, age means Attained Age.

## Exhibit D – Sample Non-Economic Assumptions (continued)

### Post-Retirement Mortality

Rates vary by age and sex. These rates are used for all plans.

Age	Healthy Recipients		Non-Industrially Disabled (Not Job Related)		Industrially Disabled (Job Related)	
	Male	Female	Male	Female	Male	Female
50	0.00245	0.00136	0.01459	0.01129	0.00546	0.00388
55	0.00429	0.00253	0.02115	0.01481	0.00616	0.00568
60	0.00721	0.00442	0.02870	0.01884	0.01016	0.00818
65	0.01302	0.00795	0.03617	0.02356	0.01853	0.01214
70	0.02135	0.01276	0.04673	0.03020	0.03369	0.01760
75	0.03716	0.02156	0.06552	0.04298	0.05768	0.02774
80	0.06256	0.03883	0.09481	0.06514	0.08670	0.04690
85	0.10195	0.07219	0.14041	0.10269	0.13032	0.08262
90	0.17379	0.12592	0.20793	0.16189	0.19588	0.13984
95	0.25917	0.21773	0.30792	0.25522	0.29444	0.23566
100	0.34724	0.32036	0.45599	0.40236	0.44259	0.35341

## Exhibit E – Single Life Retirement Values

### Present Value of \$1 Monthly Increasing 2 Percent Annually After Two-Year Waiting Period

Interest Rate of 7.75 Percent

Sample Attained Ages	Service Retirement		Non-Industrial Disability Retirement		Industrial Disability Retirement	
	Male	Female	Male	Female	Male	Female
50	165.521	174.244	135.257	148.232	156.682	166.398
51	163.311	172.352	132.953	146.352	154.435	164.484
52	161.021	170.384	130.637	144.446	152.085	162.506
53	158.664	168.337	128.319	142.512	149.611	160.464
54	156.230	166.208	126.006	140.549	146.993	158.356
55	153.703	164.000	123.703	138.553	144.226	156.181
56	151.085	161.713	121.416	136.518	141.307	153.938
57	148.364	159.337	119.141	134.443	138.256	151.619
58	145.535	156.891	116.876	132.324	135.100	149.237
59	142.621	154.371	114.613	130.160	131.863	146.791
60	139.644	151.743	112.340	127.948	128.556	144.253
61	136.587	149.026	110.048	125.686	125.179	141.636
62	133.534	146.224	107.726	123.367	121.743	138.943
63	130.430	143.324	105.363	120.987	118.253	136.163
64	127.215	140.356	102.950	118.538	114.716	133.314
65	123.939	137.321	100.479	116.014	111.144	130.397
70	106.509	121.097	87.219	102.144	93.361	114.726
75	88.409	102.761	72.937	86.467	76.557	97.060
80	70.189	82.996	58.900	70.227	61.616	78.251
85	53.609	63.697	45.752	54.499	47.825	59.984
90	39.105	46.331	34.182	40.363	35.636	43.609
95	29.196	32.701	24.408	28.311	25.324	30.547
100	21.418	22.847	16.466	18.558	16.958	20.932

## Exhibit F – History of Member Salary Data

Valuation Date	Number of Active Members	Annual Covered Payroll (in millions)	Average Annual Salary	% Increase In Average Pay
6/30/95	619,695	\$23,559	\$38,017	18.1%
6/30/96	631,166	22,876	36,245	(4.6)
6/30/97	584,735	21,712	37,131	2.4
6/30/98	620,643	22,174	35,727	(3.8)
6/30/99	668,700	25,324	37,870	6.0
6/30/00	707,585	28,098	39,709	4.9
6/30/01	738,959	30,802	41,683	5.0
6/30/02	766,824	32,873	42,869	2.8
6/30/03	778,203	34,784	44,697	4.3
6/30/04	760,498	35,078	46,126	3.2

## Exhibit G – Members in Valuation

By Attained Age & Years of Service – June 30, 2004

### State Miscellaneous First Tier

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	2,064	7	0	0	0	0	2,071	\$50,197,789
25-29	7,098	700	7	0	0	0	7,805	276,089,112
30-34	8,813	2,860	613	15	0	0	12,301	524,886,025
35-39	8,796	3,717	3,224	933	15	0	16,685	791,286,159
40-44	8,662	4,096	4,504	4,015	1,422	63	22,762	1,140,762,911
45-49	7,874	3,920	4,612	4,885	4,291	2,160	27,742	1,437,802,001
50-54	6,416	3,452	4,350	4,873	4,407	5,895	29,393	1,597,692,237
55-59	4,287	2,548	3,178	3,638	3,356	6,717	23,724	1,344,744,135
60-64	1,791	1,149	1,477	1,623	1,258	2,961	10,259	590,131,019
65 & Up	800	521	558	559	364	844	3,646	203,321,086
<b>Total</b>	<b>56,601</b>	<b>22,970</b>	<b>22,523</b>	<b>20,541</b>	<b>15,113</b>	<b>18,640</b>	<b>156,388</b>	<b>\$7,956,912,474</b>

### State Miscellaneous Second Tier

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	27	8	0	0	0	0	35	\$909,270
25-29	259	317	5	0	0	0	581	20,783,344
30-34	296	977	238	4	0	0	1,515	60,549,344
35-39	277	993	731	129	1	0	2,131	89,445,636
40-44	250	917	767	389	96	8	2,427	104,612,048
45-49	218	761	639	383	189	133	2,323	102,177,073
50-54	159	561	485	290	160	293	1,948	87,400,634
55-59	123	342	331	170	70	260	1,296	59,020,871
60-64	64	147	140	66	24	107	548	23,884,273
65 & Up	53	73	65	24	1	37	253	10,702,516
<b>Total</b>	<b>1,726</b>	<b>5,096</b>	<b>3,401</b>	<b>1,455</b>	<b>541</b>	<b>838</b>	<b>13,057</b>	<b>\$559,485,009</b>

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

## Exhibit G – Members in Valuation (continued)

By Attained Age & Years of Service – June 30, 2004

### State Industrial First & Second Tier

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	152	0	0	0	0	0	152	\$3,898,108
25-29	411	69	1	0	0	0	481	14,457,440
30-34	549	277	59	0	0	0	885	30,444,388
35-39	611	319	183	40	0	0	1,153	43,056,654
40-44	566	404	286	125	43	0	1,424	57,205,799
45-49	539	469	284	195	65	20	1,572	66,689,034
50-54	453	364	290	220	71	41	1,439	62,483,346
55-59	273	273	200	157	62	40	1,005	44,657,168
60-64	111	118	105	87	18	16	455	20,931,273
65 & Up	42	58	65	21	4	9	199	10,430,426
<b>Total</b>	<b>3,707</b>	<b>2,351</b>	<b>1,473</b>	<b>845</b>	<b>263</b>	<b>126</b>	<b>8,765</b>	<b>\$354,253,636</b>

### State Safety

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	157	0	0	0	0	0	157	\$4,802,174
25-29	461	37	0	0	0	0	498	17,827,959
30-34	693	230	22	0	0	0	945	41,424,924
35-39	733	453	113	15	0	0	1,314	61,780,351
40-44	872	726	295	119	7	0	2,019	101,405,930
45-49	1,003	1,031	443	282	61	1	2,821	150,767,140
50-54	972	1,149	490	372	107	44	3,134	176,919,084
55-59	739	880	445	340	90	36	2,530	150,846,280
60-64	324	456	238	157	45	12	1,232	77,702,327
65 & Up	198	239	120	77	11	10	655	50,719,001
<b>Total</b>	<b>6,152</b>	<b>5,201</b>	<b>2,166</b>	<b>1,362</b>	<b>321</b>	<b>103</b>	<b>15,305</b>	<b>\$834,195,170</b>

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

## Exhibit G – Members in Valuation (continued)

By Attained Age & Years of Service – June 30, 2004

### California Highway Patrol

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	69	0	0	0	0	0	69	\$3,729,514
25-29	684	102	0	0	0	0	786	45,494,212
30-34	663	806	106	0	0	0	1,575	97,063,371
35-39	195	573	373	245	0	0	1,386	90,446,434
40-44	0	169	272	555	252	2	1,250	87,398,968
45-49	3	45	59	252	586	154	1,099	81,450,404
50-54	1	42	8	51	275	284	661	49,753,418
55-59	1	17	2	3	54	180	257	19,935,962
60-64	0	0	0	0	3	20	23	1,822,127
65 & Up	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,616</b>	<b>1,754</b>	<b>820</b>	<b>1,106</b>	<b>1,170</b>	<b>640</b>	<b>7,106</b>	<b>\$477,094,410</b>

### State Peace Officer/Firefighter

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	1,370	1	0	0	0	0	1,371	\$39,219,820
25-29	3,574	456	0	0	0	0	4,030	173,074,679
30-34	2,957	2,863	362	1	0	0	6,183	322,966,658
35-39	2,041	2,848	1,846	345	1	0	7,081	400,879,534
40-44	1,405	2,238	2,390	1,909	288	1	8,231	496,080,621
45-49	839	1,679	1,694	1,703	749	137	6,801	431,638,727
50-54	647	1,079	1,134	1,274	603	491	5,228	346,261,651
55-59	294	527	642	644	284	225	2,616	173,661,376
60-64	77	151	192	220	65	40	745	48,635,807
65 & Up	13	22	44	50	15	8	152	9,808,020
<b>Total</b>	<b>13,217</b>	<b>11,864</b>	<b>8,304</b>	<b>6,146</b>	<b>2,005</b>	<b>902</b>	<b>42,438</b>	<b>\$2,442,226,893</b>

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

## Exhibit G – Members in Valuation (continued)

By Attained Age & Years of Service – June 30, 2004

### School Employees

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	8,351	2	0	0	0	0	8,353	\$146,090,146
25-29	17,764	105	2	0	0	0	17,871	434,338,275
30-34	20,697	266	36	1	0	0	21,000	596,691,960
35-39	25,818	292	104	19	1	0	26,234	791,341,686
40-44	40,288	337	149	83	28	0	40,885	1,228,748,120
45-49	46,056	391	239	135	135	16	46,972	1,511,257,630
50-54	46,911	409	250	174	167	26	47,937	1,631,951,405
55-59	36,419	314	219	163	162	34	37,311	1,316,828,161
60-64	17,807	135	87	65	91	23	18,208	628,467,192
65 & Up	7,323	45	47	20	33	28	7,496	221,103,483
<b>Total</b>	<b>267,434</b>	<b>2,296</b>	<b>1,133</b>	<b>660</b>	<b>617</b>	<b>127</b>	<b>272,267</b>	<b>\$8,506,818,058</b>

### Public Agency Miscellaneous

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	5,600	36	0	0	0	0	5,636	\$144,635,598
25-29	11,676	1,691	19	0	0	0	13,386	510,358,944
30-34	12,593	5,046	939	23	0	0	18,601	852,261,376
35-39	11,616	6,350	3,471	1,298	23	0	22,758	1,148,786,586
40-44	12,193	7,044	5,411	4,256	1,249	36	30,189	1,610,096,627
45-49	10,772	7,011	5,958	5,601	3,292	1,193	33,827	1,891,303,268
50-54	8,934	6,290	5,271	5,382	3,759	3,318	32,954	1,916,794,569
55-59	5,973	4,531	3,975	4,091	3,050	3,485	25,105	1,485,525,794
60-64	2,454	2,138	1,748	1,763	1,203	1,423	10,729	603,827,835
65 & Up	1,081	819	679	642	394	437	4,052	193,417,901
<b>Total</b>	<b>82,968</b>	<b>40,956</b>	<b>27,471</b>	<b>23,056</b>	<b>12,970</b>	<b>9,892</b>	<b>197,237</b>	<b>\$10,357,008,498</b>

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

## Exhibit G – Members in Valuation (continued)

By Attained Age & Years of Service – June 30, 2004

### Public Agency Safety

Attained Age	Distribution of Active Members by Age and Service						Total	Total Valuation Payroll
	Years of Service at Valuation Date							
	0-4	5-9	10-14	15-19	20-24	25 & Up		
15-24	1,073	1	0	0	0	0	1,074	\$52,465,705
25-29	4,771	597	0	0	0	0	5,368	314,341,114
30-34	4,787	3,290	441	0	0	0	8,518	566,983,483
35-39	2,606	3,055	2,669	821	0	0	9,151	671,628,492
40-44	1,273	1,506	2,325	2,967	719	4	8,794	698,538,991
45-49	671	748	1,077	1,981	2,370	833	7,680	652,261,845
50-54	337	349	432	827	1,199	1,739	4,883	427,916,673
55-59	171	162	232	256	336	841	1,998	168,933,936
60-64	42	58	48	46	53	146	393	31,889,963
65 & Up	12	15	14	15	3	17	76	5,451,536
<b>Total</b>	<b>15,743</b>	<b>9,781</b>	<b>7,238</b>	<b>6,913</b>	<b>4,680</b>	<b>3,580</b>	<b>47,935</b>	<b>\$3,590,411,738</b>

Counts of members included in the valuation are counts of the records processed by the valuation. Multiple records may exist for those who have service in more than one valuation group. This does not result in double counting of liabilities.

## Exhibit H – Schedule of Retirees and Beneficiaries Added to and Removed from Rolls

Year Ended	Added to Rolls		Removed from Rolls		Rolls - End of Year		% Increase in Annual Allowances	Average Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
<b>PERF</b>								
6/30/03	26,901	\$777,170,000	13,892	\$183,532,000	396,151	\$7,232,218,000	8.9%	\$18,256
6/30/04	31,407	945,374,000	14,586	199,427,000	412,972	7,978,465,000	10.3	19,320
<b>JRF</b>								
6/30/03	103	\$10,266,000	53	\$4,054,000	1,523	\$116,242,000	5.6%	\$76,325
6/30/04	98	7,262,000	64	4,743,000	1,557	121,941,000	4.9	78,267
<b>LRF</b>								
6/30/03	11	\$608,000	10	\$199,000	264	\$7,076,000	6.1%	\$26,804
6/30/04	11	502,000	13	433,000	262	7,146,000	1.0	27,274

**Note:**

These total counts and allowances are for service, disability, and industrial retirement, special death, 1957 Survivor, Pre-Retirement Option 2, and 1959 Survivor beneficiaries, and non-members. This information was reviewed by the CalPERS Actuarial staff and appears to be reasonable.

## Actuarial Certifications — Other Systems

### Judges' Retirement System

April 2005

#### *Actuarial Certification*

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System; the latest such valuation is as of June 30, 2004.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System, as of June 30, 2004. Based on the employee data provided by the CalPERS Judges', Legislators', and Volunteer Firefighters' Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods, as prescribed by the CalPERS Board of Administration, are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.



Gale D. Patrick, F.S.A., M.A.A.A.  
Enrolled Actuary  
Senior Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.  
Enrolled Actuary  
Chief Actuary, CalPERS

### Judges' Retirement System II

May 2005

#### *Actuarial Certification*

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Judges' Retirement System II; the latest such valuation is as of June 30, 2004.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Judges' Retirement System II, as of June 30, 2004. Based on the employee data provided by the Judges' Retirement System administrative staff at CalPERS, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.



Nancy E. Campbell, A.S.A., M.A.A.A.  
Enrolled Actuary  
Senior Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.  
Enrolled Actuary  
Chief Actuary, CalPERS

# Actuarial Certifications — Other Systems

## Legislators' Retirement System

May 2005

### *Actuarial Certification*

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Legislators' Retirement System; the latest such valuation is as of June 30, 2004.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to fully and fairly disclose the actuarial funded condition of the Legislators' Retirement System. Based on the employee data provided by the CalPERS Judges', Legislators', and Volunteer Firefighters' Office, the statement of assets provided by the CalPERS Fiscal Services Division, and the benefits plans as outlined in Appendix B, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for the System.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.



David Clement, A.S.A., E.A., M.A.A.A.  
Associate Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.  
Enrolled Actuary  
Chief Actuary, CalPERS

## Volunteer Firefighters' Length of Service Award System

May 2005

### *Actuarial Certification*

As authorized by the CalPERS Board of Administration, we perform an annual actuarial valuation of the Volunteer Firefighters' Length of Service Award System; the latest such valuation is as of June 30, 2004.

To the best of our knowledge, this report is complete and accurate and contains sufficient information to disclose fully and fairly the funded condition of the Volunteer Firefighters' Length of Service Award System (VFLSAS). Based on the participant and expense data provided by the Manager of the Volunteer Firefighters' System, the statement of assets provided by the CalPERS Fiscal Services Division, and the provisions of the system as outlined in Exhibit 7, it is our opinion that the valuation has been performed in accordance with generally accepted actuarial principles and that the assumptions and methods are reasonable for this plan.

Further, information has been provided by us for the completion of (i) the trend data schedules (Required Schedule of Funding Progress and Schedule of Employer Contributions) in the Financial Section, and (ii) Exhibits A through H in the Actuarial Section of the CAFR.



Nancy E. Campbell, A.S.A., M.A.A.A.  
Enrolled Actuary  
Senior Pension Actuary, CalPERS



Ron Seeling, Ph.D., F.C.A., A.S.A., M.A.A.A.  
Enrolled Actuary  
Chief Actuary, CalPERS

The actuarial report and supporting documents for the Judges' Retirement System, Judges' Retirement System II, Legislators' Retirement System, and the Volunteer Firefighters' Length of Service Award System can be obtained through the CalPERS Actuarial and Employer Services Division, P.O. Box 942709, Sacramento, CA 94229-2709.

# Statistical Section

## Retirement Programs

Providing focus and leadership to influence the evolution of changes in our Programs.

# CalPERS Program Data

## Expenses by Type — 10-Year Review

	Benefit Payments	Contribution Refunds	Administrative Expenses <sup>1</sup>	Total
<b>PERF</b>				
2004/05	\$8,434,118,614	\$155,236,438	\$208,965,422	\$8,798,320,474
2003/04	7,639,085,017	151,526,342	188,361,466	7,978,972,825
2002/03	6,991,913,800	114,024,930	214,274,159	7,320,212,889
2001/02	6,431,019,116	103,385,701	208,687,613	6,743,092,430
2000/01	5,792,948,968	128,865,380	183,865,981	6,105,680,329
1999/00	5,176,073,695	140,644,318	175,050,565	5,491,768,578
1998/99	4,776,869,300	160,841,290	145,814,177	5,083,524,767
1997/98	4,425,923,411	160,964,495	128,583,553	4,715,471,459
1996/97	4,097,295,852	153,688,959	108,257,064	4,359,241,875
1995/96	3,846,390,136	138,296,520	80,682,335	4,065,368,991
<b>LRF</b>				
2004/05	\$7,791,569	\$979,315	\$318,547	\$9,089,431
2003/04	7,051,153	214,184	280,835	7,546,172
2002/03	6,851,580	247,755	220,020	7,319,355
2001/02	6,716,646	—	244,854	6,961,500
2000/01	6,782,467	169,520	234,926	7,186,913
1999/00	6,630,188	163,535	206,000	6,999,723
1998/99	6,855,856	175,155	203,580	7,234,591
1997/98	6,280,344	49,569	203,601	6,533,514
1996/97	6,010,347	479,747	255,234	6,745,328
1995/96	5,585,022	71,818	224,931	5,881,771
<b>JRF</b>				
2004/05	\$126,608,787	\$88,239	\$1,061,257	\$127,758,283
2003/04	121,603,708	238,097	719,312	122,561,117
2002/03	113,937,606	82,530	506,224	114,526,360
2001/02	109,543,399	—	391,760	109,935,159
2000/01	99,423,624	—	379,818	99,803,442
1999/00	90,170,743	—	360,000	90,530,743
1998/99	82,503,531	49,456	354,000	82,906,987
1997/98	77,203,643	64,610	355,600	77,623,853
1996/97	74,445,877	641,840	354,000	75,441,717
1995/96	71,665,985	29,422	297,699	71,993,106

**Note:**

<sup>1</sup> Excludes investment advisor fees.

# CalPERS Program Data (continued)

## Expenses by Type — 10-Year Review

	Benefit Payments	Contribution Refunds	Administrative Expenses <sup>1</sup>	Total
<b>JRF II</b>				
2004/05	\$903,641	\$339,940	\$425,157	\$1,668,738
2003/04	584,375	203,219	414,258	1,201,852
2002/03	307,365	891,986	320,226	1,519,577
2001/02	117,545	91,536	289,622	498,703
2000/01	142,234	34,369	283,767	460,370
1999/00	225,607	22,198	175,213	423,018
1998/99	192,697	—	172,000	364,697
1997/98	205,880	—	—	205,880
1996/97	18,736	—	—	18,736
1995/96	—	—	—	—
<b>VFF</b>				
2004/05	\$82,265	\$ —	\$100,144	\$182,409
2003/04	58,630	—	168,997	227,627
2002/03	76,883	—	116,379	193,262
2001/02	66,413	—	78,592	145,005
2000/01	55,785	—	76,218	132,003
1999/00	41,438	—	75,000	116,438
1998/99	27,015	—	10,000	37,015
1997/98	26,445	—	10,000	36,445
1996/97	11,903	—	9,990	21,893
1995/96	12,215	—	10,000	22,215
<b>SPOFF</b>				
2004/05	\$5,352,708	\$ —	\$ —	\$5,352,708
2003/04	4,350,947	—	—	4,350,947
2002/03	4,084,127	—	—	4,084,127
2001/02	3,361,147	—	—	3,361,147
2000/01	1,879,169	—	—	1,879,169
1999/00	—	—	—	—
1998/99	—	—	—	—

**Note:**

<sup>1</sup> Excludes investment advisor fees.

## CalPERS Program Data (continued)

### Income by Source — 10-Year Review

	Member Contributions	Employer Contributions	Investment Income	Miscellaneous Income	Total
<b>PERF</b>					
2004/05	\$3,176,780,369	\$5,774,120,281	\$21,893,728,292	\$473,234	\$30,845,102,176
2003/04	2,266,445,429	4,261,347,422	24,265,850,297	6,722,984	30,800,366,132
2002/03	1,887,925,497	1,925,043,858	5,474,083,608	8,647,960	9,295,700,923
2001/02	2,154,742,532	800,964,553	(9,704,478,936)	4,686,138	(6,744,085,713)
2000/01	1,766,256,113	321,618,826	(12,255,822,322)	7,480,923	(10,160,466,460)
1999/00	1,751,290,172	362,614,344	16,579,088,181	3,569,729	18,696,562,426
1998/99	1,522,507,527	1,598,316,666	17,621,490,197	1,036,725	20,743,351,115
1997/98	1,443,232,566	2,289,526,403	23,515,372,967	3,531,902	27,251,663,838
1996/97	1,379,743,571	1,986,282,287	20,147,569,883	308,296,547	23,821,892,288
1995/96	1,338,044,978	1,850,103,438	13,135,454,838	1,747,245	16,325,350,499
<b>LRF</b>					
2004/05	\$19,687	\$ —	\$12,575,845	\$504	\$12,596,036
2003/04	55,639	—	11,094,703	—	11,150,342
2002/03	21,946	—	10,274,104	—	10,296,050
2001/02	14,161	—	(3,781,146)	—	(3,766,985)
2000/01	33,461	—	280,786	—	314,247
1999/00	178,860	339,351	9,788,721	—	10,306,932
1998/99	290,360	661,086	14,141,442	—	15,092,888
1997/98	312,546	674,777	22,924,284	58,708	23,970,315
1996/97	303,190	2,470,417	19,181,419	—	21,955,026
1995/96	422,381	575,032	13,299,421	—	14,296,534
<b>JRF</b>					
2004/05	\$10,417,159	\$127,077,837	\$233,433	\$2,663,340	\$140,391,769
2003/04	11,262,935	107,317,942	58,874	4,020,398	122,660,149
2002/03	11,109,214	98,584,637	11,722	4,337,501	114,043,074
2001/02	11,713,777	65,319,883	1,002,742	4,521,326	82,557,728
2000/01	11,377,068	91,019,008	3,754,582	4,509,380	110,660,038
1999/00	11,251,836	74,079,308	2,513,315	4,354,631	92,199,090
1998/99	11,098,731	84,352,990	1,776,583	4,121,354	101,349,658
1997/98	11,189,380	56,215,389	995,548	4,484,772	72,885,089
1996/97	11,837,184	56,361,102	1,266,708	—	69,464,994
1995/96	12,754,764	60,933,334	1,561,546	—	75,249,644

## CalPERS Program Data (continued)

### Income by Source — 10-Year Review

	Member Contributions	Employer Contributions	Investment Income	Miscellaneous Income	Total
<b>JRF II</b>					
2004/05	\$8,217,015	\$21,195,508	\$14,815,759	\$ —	\$44,228,282
2003/04	8,131,412	18,239,777	13,431,593	—	39,802,782
2002/03	6,717,482	15,322,632	4,803,138	—	26,843,252
2001/02	5,290,599	12,487,052	(3,870,979)	—	13,906,672
2000/01	4,196,862	9,754,298	(2,863,230)	—	11,087,930
1999/00	3,209,544	7,460,518	2,734,601	—	13,404,663
1998/99	2,733,245	7,354,353	2,393,724	—	12,481,322
1997/98	1,948,588	5,455,217	1,803,800	—	9,207,605
1996/97	1,197,298	3,026,029	649,854	—	4,873,180
1995/96	626,033	1,507,116	15,247	—	2,148,396
<b>VFF</b>					
2004/05	\$ —	\$211,043	\$241,436	\$ —	\$452,479
2003/04	—	223,225	251,913	—	475,138
2002/03	—	497,076	106,257	—	603,333
2001/02	—	93,889	(200,067)	—	(106,178)
2000/01	—	193,530	(110,985)	—	82,545
1999/00	—	202,395	130,123	—	332,518
1998/99	—	50,916	257,919	—	308,835
1997/98	—	166,708	323,592	—	490,300
1996/97	—	162,880	244,392	—	407,272
1995/96	—	54,844	129,586	—	184,430
<b>SPOFF</b>					
2004/05	\$ —	\$41,406,166	\$15,284,243	\$ —	\$56,690,409
2003/04	—	40,894,189	17,971,153	—	58,865,342
2002/03	—	35,047,115	5,069,041	—	40,116,156
2001/02	—	34,171,776	(7,286,207)	—	26,885,569
2000/01	—	33,236,879	(4,457,441)	—	28,779,438
1999/00	—	30,011,229	2,205,566	—	32,216,795
1998/99	—	15,518,376	529,477	—	16,047,853

## CalPERS Program Data (continued)

### Primary Benefits

Benefits are paid according to the category of employment and the type of benefit coverage provided by an employer. Local agencies have variations in benefits due to their specific contract obligations with CalPERS.

#### The four categories of membership are:

**Miscellaneous Members** — staff, operational, supervisory, and all other eligible employees who are not in special membership categories.

**Safety Members** — California Highway Patrol officers, police officers, firefighters, and other employees whose principal duties are in active law enforcement or fire prevention and suppression work, or who occupy positions designated by law as safety member positions.

**State Industrial Members** — employees of the Department of Corrections and the California Youth Authority who have the same service retirement and other benefits as miscellaneous members, but who also have industrial death and disability benefits under certain limited circumstances.

**State Peace Officer/Firefighter Members** — State employees who are involved in law enforcement, firefighting and fire suppression, public safety, protective services, or the management and supervision thereof, whose positions are defined as State peace officer/firefighter members in the Government Code or by the Department of Personnel Administration.

### Separation from Employment/Refunds

At permanent separation from employment, members may either leave their contributions on deposit and defer retirement<sup>1</sup> or terminate membership by electing to take a refund of member contributions plus interest (compounded annually). With a refund election, CalPERS is required to deduct federal withholding of 20 percent from the untaxed portion of the refund, unless the taxable portion is directly rolled over to a qualified plan or IRA.

### Service Retirement

#### State Miscellaneous and State Industrial Members (First Tier), School Members, and University Members 2 Percent at 55 Formula

**Service not coordinated with Social Security** — A guarantee of 2 percent of final compensation<sup>2</sup> at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.

**Service coordinated with Social Security** — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.<sup>3</sup>

#### Local Miscellaneous Members 2 Percent at 60 Formula

**Service not coordinated with Social Security** — A guarantee of 2 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 with an increased benefit rate to age 63.

**Service coordinated with Social Security** — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

### Notes:

- <sup>1</sup> A member with less than the required amount of service credit must return to CalPERS-covered employment to obtain the minimum service credit required to be eligible for retirement.
- <sup>2</sup> The term “final compensation” appears throughout this section. It means the average payrate over the last three consecutive years of employment (or one year for State and school members or as a contract option for local members) unless the member elects a different period with a higher average.
- <sup>3</sup> School member final compensation for service earned on and after January 1, 2001 is not subject to reduction.

## CalPERS Program Data (continued)

### **State Miscellaneous and State Industrial Members (Second Tier) 1.25 Percent at 65 Formula**

A guarantee of 1.25 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as age 50 (if there is a combination of First Tier and Second Tier service; a reduced benefit rate will apply).

### **Local Miscellaneous Members (Second Tier) 1.5 Percent at 65 Formula**

A guarantee of 1.50 percent of final compensation at age 65 for each year of service credit. Retirement may begin at age 55, or as early as age 50 if there is a combination of First Tier and Second Tier service (a reduced benefit rate will apply).

### **Local Miscellaneous Members 2 Percent at 55 Formula**

*Service not coordinated with Social Security* — A guarantee of 2 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate, or after age 55 with an increased benefit rate to age 63.

*Service coordinated with Social Security* — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

### **Local Miscellaneous Members 2.5 Percent at 55 Formula**

*Service not coordinated with Social Security* — A guarantee of 2.5 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

*Service coordinated with Social Security* — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

### **Local Miscellaneous Members 2.7 Percent at 55 Formula**

*Service not coordinated with Social Security* — A guarantee of 2.7 percent of final compensation at age 55 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

*Service coordinated with Social Security* — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

### **Local Miscellaneous Members 3 Percent at 60 Formula**

*Service not coordinated with Social Security* — A guarantee of 3 percent of final compensation at age 60 for each year of service credit. Retirement may begin at age 50 with a reduced benefit rate.

*Service coordinated with Social Security* — Same basic benefit rate; however, there is a reduction of \$133.33 of final compensation.

### **Local Safety Members 2 Percent at 50 Formula**

2 percent of final compensation for each year of service for retirement at age 50, with an increased benefit rate to age 55. The maximum allowance payable is 90 percent of final compensation.

### **Local Safety Members 2 Percent at 55 Formula**

2 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent of final compensation. Retirement may begin at age 50 with a reduced benefit rate.

### **Local Safety Members Half Pay at 55 Formula**

This benefit is no longer available as a contract amendment. Only a small number of local agencies are still covered under this formula which guarantees one-half of final compensation at age 55 with 20 or more years of service credit. Retirement may begin at age 50 with a reduced benefit rate.

### **State Safety Members and Local Safety Members 2.5 Percent at 55 Formula**

This benefit is no longer available as a contract amendment. It provides 2.5 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 80 percent of final compensation for State safety members and 90 percent for local safety members. Retirement may begin at age 50 with a reduced benefit rate.

## CalPERS Program Data (continued)

### State Patrol Members and Local Safety Members 3 Percent at 50 Formula

3 percent of final compensation for each year of service for retirement at age 50. The maximum allowance payable is 90 percent of final compensation for State patrol members and local safety members.

### State Peace Officer/Firefighter Members and Local Safety Members 3 Percent at 55 Formula

3 percent of final compensation for each year of service for retirement at age 55. The maximum allowance payable is 90 percent for State peace officer/firefighter members and local safety members.

### Disability Retirement

#### For Most Members

A monthly allowance of 1.8 percent of final compensation for each year of service, improved under certain conditions to  $33\frac{1}{3}$  percent of final compensation, applicable to members with at least five years of service credit.

#### By Contract Amendment Only for Local Agencies

A monthly allowance of 30 percent of final compensation, plus an additional 1 percent for each year of service over five years to a maximum of 50 percent.

#### For State Second Tier Members

A monthly allowance of 1.125 percent of final compensation for each year of service, improved under certain conditions to  $33\frac{1}{3}$  percent of final compensation, applicable to members with at least 10 years of service credit or five years if credited as of January 1, 1985.

#### For Local Second Tier Members

A monthly allowance of 1.35 percent of final compensation for each year of service, improved under certain conditions to  $33\frac{1}{3}$  percent of final compensation, applicable to members with at least five years of service credit.

### Industrial Disability Retirement

#### For Most Members

A monthly allowance of 50 percent of final compensation, applicable to patrol members, State and local safety members, State peace officer/firefighter members, State industrial members, local miscellaneous members (by contract amendment only), and certain State miscellaneous members defined by law. The member must be serving in one of these categories at the time the industrial disability occurs. State members in certain bargaining units are eligible for 60 percent of final compensation if disabled for any job in State service and the injury occurred on or after January 1, 1993 and on or before December 31, 1999.

#### By Contract Amendment Only for Local Agencies

A monthly allowance of 75 percent of final compensation, if found totally disabled.

#### By Contract Amendment Only for Local Agencies

A monthly allowance of 50 percent to 90 percent of final compensation, depending on the disability rating by the Workers' Compensation Appeals Board.

### Death Benefits (Before Retirement)

#### Basic Death Benefit — All Members Except State Employees

*Eligible to retire or not* — A return of member contributions plus interest (compounded annually) and an employer-paid portion equal to one month's compensation earnable for each year of current service to a maximum of six months.

#### Basic Death Benefit — State Employees Only

*Eligible to retire or not eligible to retire with 20 years or more of State service credit* — A return of member contributions plus interest (compounded annually) and a State-paid portion equal to six months' pay (50 percent of the member's earnable pay for the 12 months prior to the member's death).

## CalPERS Program Data (continued)

*Not eligible to retire with less than 20 years of State service credit* — A return of only the member contributions plus interest (compounded annually).

### **Insurance Benefit — State Employees Only**

*Eligible to retire or not eligible to retire with 20 years or more of State service credit* — \$5,000 in a lump sum.

*Not eligible to retire with less than 20 years of State service credit* — \$5,000 in a lump sum plus six months' pay (50 percent of annual compensation).

### **Alternate Death Benefit<sup>1</sup> — For State Members in Bargaining Units Contracting for This Benefit, Who Are Not Eligible to Retire, With 20 Years or More of State service credit**

A monthly allowance payable to a surviving spouse/registered domestic partner until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2 (if the beneficiary is a spouse/registered domestic partner), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had been old enough to retire. A spouse/registered domestic partner or minor child may receive continued health and dental insurance with the Alternate Death Benefit.

### **Alternate Death Benefit for Firefighters — Local Agency Employers Contracting for This Benefit, With 20 Years or More of Total Service Credit**

A monthly non-job-related allowance payable to a surviving spouse/registered domestic partner until death, then to children under age 18. It is calculated similarly to pre-retirement Option 2 (if the beneficiary is a spouse/registered domestic partner, even if the agency does not contract separately for the pre-retirement Option 2 benefit), or like a 1957 Survivor Benefit (if the beneficiary is a minor child), as though the member had either been old enough to retire (if the member died before reaching retirement age), or based on the member's actual age if the member was eligible to retire at the time of death. This benefit applies to all service credit earned by the member, including service that may have been

earned with a local agency that does not contract for the Alternate Death Benefit, as long as the member was employed at the time of death by a local agency that provides this benefit in their contract.

### **Pre-Retirement Option 2W Benefit — Local Agencies by Contract, Married, or Registered Domestic Partnership**

A monthly allowance payable to the surviving spouse/registered domestic partner until death, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W Benefit.

### **Pre-Retirement Option 2W Benefit<sup>1</sup> — For All State Members, Married, or Registered Domestic Partnership**

A monthly allowance payable to the surviving spouse/registered domestic partner until death, equal to what the deceased member would have received had they retired on the date of their death and elected Option 2W.

### **1957 Survivor Benefit<sup>1</sup> — Local Members, Married, or Registered Domestic Partnership**

For all members eligible to retire who are married or in a registered domestic partnership, a monthly allowance payable to the surviving spouse/registered domestic partner until death, then to children under age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death.

### **1957 Survivor Benefit<sup>1</sup> — All Members, Not Married, or No Registered Domestic Partnership**

For all members eligible to retire who are not married or in a registered domestic partnership, a monthly allowance payable to the unmarried surviving minor children until age 18, equal to one-half of the highest allowance (unmodified) the member would have received had they retired on the date of death. Once allowance stops, the total allowance paid is compared to the Basic Death Benefit amount, and any difference is paid in a lump sum to all of the member's surviving children.

#### **Note:**

<sup>1</sup> The surviving spouse/registered domestic partner of other than a State member, or guardian of a minor child, may elect the Basic Death Benefit or the 1957 Survivor Benefit. The surviving spouse/registered domestic partner of a State member may elect the Basic Death Benefit or the Pre-Retirement Option 2W Death Benefit.

## CalPERS Program Data (continued)

### **1959 Survivor Benefit — State and School Members and by Contract Option, Local Agency Members Not Coordinated With Social Security**

A monthly benefit paid to survivors of deceased members who died prior to retirement. This benefit is similar to the Social Security Survivor Benefit and is paid in addition to any other applicable pre-retirement death benefit, except the Special Death Benefit.

### **Special Death Benefit <sup>1</sup>— Survivors of Patrol, State and Local Safety, State Industrial, and State Peace Officer/Firefighter Members, State Miscellaneous <sup>2</sup> and Local Miscellaneous by Contract Amendment <sup>2</sup>**

A monthly allowance equal to 50 percent of final compensation payable to the surviving spouse until death, or if no spouse, to natural or adopted unmarried children up to age 22. The monthly allowance is recalculated annually on October 1 based on the salary rates for employees who work in the position the member held at the time of death until such time as the member would have attained age 50.

### **Special Death Benefit <sup>1</sup>— Violent Death**

Provides increased benefits (up to 75 percent of final compensation) based upon the number of surviving children, if the member's death is the result of external violence or physical force.

### **Death Benefits (After Retirement)**

#### **Retired Death Benefit — State Members Only**

A \$2,000 lump sum payable in addition to any optional settlement elected.

#### **Retired Death Benefit — Local and School Members**

A \$500, \$600, \$2,000, \$3,000, \$4,000, or \$5,000 lump sum (depending on the employer contract) payable in addition to any optional settlement elected.

### **Survivor Continuance Benefit — State Members, School Members and, by Contract Option, Local Agency Members**

**Service not coordinated with Social Security** — 50 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

**Service coordinated with Social Security** — 25 percent of the deceased member's unmodified retirement allowance amount will continue to an eligible survivor.

### **Optional Settlements**

#### **For All Members**

All the disability and service retirement allowances discussed in this section are the highest (unmodified) allowances payable to a retired member. There are six optional settlements to allow a member to reduce their allowance to provide a benefit to a named beneficiary at the member's death. Under two of these options, if the beneficiary predeceases the member, the member's allowance will be increased to the higher (unmodified) amount.

### **Cost-Of-Living Adjustments**

#### **For All Members — Except State Second Tier**

A maximum of 2 percent compounded annually (up to 5 percent maximum as a contract option for retired members of local agencies).

#### **For State Second Tier Members Only**

A fixed 3 percent compounded annually.

### **Notes:**

<sup>1</sup> The surviving spouse, or beneficiary may be eligible for the Special Death Benefit if the member's death is job-related.

<sup>2</sup> The survivor of a State or local miscellaneous member qualifies for the Special Death Benefit if the member was killed or fatally injured while performing their official duties.

## CalPERS Program Data (continued)

### Membership & Retirement Data Three-Year Review

	2005	2004	2003
<b>Active &amp; Inactive Members</b>			
<b>State Members</b>			
State Miscellaneous	219,919	227,096	231,693
University of California	127	92	244
State Industrial	11,032	10,607	11,000
California Highway Patrol	11,359	10,236	11,959
State Safety	21,750	16,714	17,782
Peace Officer Firefighter (POF)	46,485	44,740	46,599
<b>Total State Members</b>	<b>310,672</b>	<b>309,485</b>	<b>319,277</b>
<b>Contracting Public Agency Members</b>			
Schools	380,374	372,614	373,171
Cities	161,515	158,884	160,155
Counties	88,717	87,468	89,838
Districts & Other Public Agencies	75,704	73,616	71,919
<b>Total Public Agency Members</b>	<b>706,310</b>	<b>692,582</b>	<b>695,083</b>
<b>Total Members — Active &amp; Inactive</b>	<b>1,016,982</b>	<b>1,002,067</b>	<b>1,014,360</b>
<b>Retired Members &amp; Active Member Death Benefit Recipients</b>			
Service	353,212	341,348	326,163
Disability	41,857	42,064	41,808
Industrial Disability	30,025	29,320	28,180
Industrial Death	972	958	946
1957 Survivor Benefit	2,960	2,881	2,802
1959 Survivor Benefit	2,875	2,880	2,841
<b>Total Recipients</b>	<b>431,901</b>	<b>416,783<sup>1</sup></b>	<b>402,740</b>

**Note:**

<sup>1</sup> This total differs from Total Benefit Recipients on page 140. Total Recipients shown here include Active Death Benefits paid as a result of a member death prior to retirement.

## CalPERS Program Data (continued)

### Active & Inactive Members

Employer/Category	Active	Inactive	Total
State Miscellaneous — First Tier	144,906	39,032	183,938
State Miscellaneous — Second Tier	11,756	24,225	35,981
State Industrial — First Tier	7,901	910	8,811
State Industrial — Second Tier	1,178	1,043	2,221
Highway Patrol	9,922	1,437	11,359
State Safety	18,820	2,930	21,750
Peace Officer/Firefighter	41,502	4,983	46,485
University of California <sup>1</sup>	15	112	127
<b>Total State Members</b>	<b>236,000</b>	<b>74,672</b>	<b>310,672</b>
School — Miscellaneous	299,515	80,150	379,665
School — Safety	543	166	709
<b>Total School Members</b>	<b>300,058</b>	<b>80,316</b>	<b>380,374</b>
Public Agency — Miscellaneous	205,798	64,756	270,554
Public Agency — Safety	47,339	8,043	55,382
<b>Total Public Agency Members</b>	<b>253,137</b>	<b>72,799</b>	<b>325,936</b>
<b>Total Members</b>	<b>789,195</b>	<b>227,787</b>	<b>1,016,982</b>

### Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$6,837,660,779
Disability Retirement	452,965,751
Industrial Disability Retirement	918,589,118
PPPA Payments <sup>2</sup>	65,678,127
<b>Total</b>	<b>\$8,274,893,775</b>
Basic Death Benefit/Group Term Life Insurance	\$34,336,821
1957 Survivor Benefit	51,027,429
1959 Survivor Benefit	28,553,418
Industrial Death Allowance	27,095,550
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	18,211,621
<b>Total</b>	<b>\$159,224,839</b>
<b>Grand Total</b>	<b>\$8,434,118,614</b>

### Benefit Recipients by Employer Category <sup>3</sup>

Employer	Retired Members	Survivors & Beneficiaries	Total
State Miscellaneous — First Tier	99,567	19,013	118,580
State Miscellaneous — Second Tier	2,512	378	2,890
State Industrial — First Tier	3,468	519	3,987
State Industrial — Second Tier	115	10	125
Highway Patrol	5,221	820	6,041
State Safety	20,016	2,441	22,457
Peace Officer/Firefighter	2,345	177	2,522
<b>Total State</b>	<b>133,244</b>	<b>23,358</b>	<b>156,602</b>
School — Miscellaneous	126,203	18,341	144,544
School — Safety	0	0	0
<b>Total School</b>	<b>126,203</b>	<b>18,341</b>	<b>144,544</b>
Public Agency — Miscellaneous	78,153	11,575	89,728
Public Agency — Safety	30,576	3,644	34,220
<b>Total Public Agency</b>	<b>108,729</b>	<b>15,219</b>	<b>123,948</b>
<b>Total</b>	<b>368,176</b>	<b>56,918</b>	<b>425,094</b>

#### Notes:

- <sup>1</sup> The number of University of California members continues to decline since new employees must join the University of California Retirement System (UCRS).
- <sup>2</sup> These payments were made from the Purchasing Power Protection Account, which is structured to maintain current benefit levels and to restore CalPERS allowances to 75 percent of their original purchasing power (80 percent for public agencies).
- <sup>3</sup> The actual number of benefit recipients is by the employer category from which they retired, regardless of whether they had service in other employer categories. The total includes only those recipients receiving a monthly allowance, and does not include recipients of one-time only payments.

## CalPERS Program Data (continued)

### Benefit Payments by Type Six-Year Review

Category	2005	2004	2003	2002	2001	2000
Service Retirement	\$6,837,660,779	\$6,126,399,264	\$5,517,803,137	\$5,023,585,476	\$4,527,931,149	\$3,969,347,915
Disability Retirement	452,965,751	436,760,071	414,169,213	395,028,004	367,110,934	331,413,880
Industrial Disability Retirement	918,589,118	846,201,803	788,510,695	700,349,277	620,520,770	547,420,009
PPPA Payments	65,678,127	71,005,179	78,716,677	82,516,981	122,985,198	186,743,547
<b>Total</b>	<b>\$8,274,893,775</b>	<b>\$7,480,366,317</b>	<b>\$6,799,199,722</b>	<b>\$6,201,479,738</b>	<b>\$5,638,548,051</b>	<b>\$5,034,925,351</b>
Basic Death Benefit/ Group Term Life Insurance	\$34,336,821	\$35,499,195	\$50,135,006	\$38,555,448	\$39,833,188	\$42,270,500
1957 Survivor Benefit	51,027,429	48,007,229	45,509,640	42,917,465	39,475,959	38,318,792
1959 Survivor Benefit	28,553,418	27,997,780	28,548,728	25,242,446	24,292,309	23,934,323
Industrial Death Allowance	27,095,550	25,302,686	24,347,863	23,117,626	20,305,890	18,184,723
Option 1, Temporary Annuity, Other Lump-Sum Death Benefits & Other Prior Year Adjustments	18,211,621	21,911,810	44,172,841	99,706,393	30,493,571	18,440,006
<b>Total</b>	<b>\$159,224,839</b>	<b>\$158,718,700<sup>1</sup></b>	<b>\$192,714,078</b>	<b>\$229,539,378</b>	<b>\$154,400,917</b>	<b>\$141,148,344</b>
<b>Grand Total</b>	<b>\$8,434,118,614</b>	<b>\$7,639,085,017</b>	<b>\$6,991,913,800</b>	<b>\$6,431,019,116</b>	<b>\$5,792,948,968</b>	<b>\$5,176,073,695</b>

**Note:**

<sup>1</sup> Includes "penalty interest" of \$2,767 for pre-retirement and \$6,098 for post-retirement death payments. Penalty interest is required when CalPERS is unable to pay death benefits within 45 days of receiving all documents establishing entitlement. The penalty interest rate is paid for each day exceeding the 45-day time limit, based on the interest crediting rate or the net earnings rate (including capital gains and losses) whichever is greater.

# CalPERS Program Data (continued)

## Average Benefit Payments — As of June 30, 2004 Six-Year Review

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
<b>2003/04</b>							
Average Monthly Allowance <sup>1</sup>	\$510	\$693	\$1,082	\$1,560	\$2,192	\$3,308	\$4,553
Average Final Compensation	\$5,443	\$3,835	\$3,863	\$4,171	\$4,492	\$5,254	\$5,915
Number of Recipients <sup>1</sup>	545	3,489	4,254	4,465	3,822	3,499	4,831
<b>2002/03</b>							
Average Monthly Allowance <sup>1</sup>	\$573	\$678	\$1,074	\$1,475	\$2,110	\$3,261	\$4,625
Average Final Compensation	\$4,996	\$3,609	\$3,752	\$3,936	\$4,350	\$5,156	\$5,888
Number of Recipients <sup>1</sup>	529	2,834	3,825	3,678	3,281	3,116	4,650
<b>2001/02</b>							
Average Monthly Allowance <sup>1</sup>	\$671	\$674	\$1,038	\$1,421	\$1,962	\$3,125	\$4,381
Average Final Compensation	\$4,837	\$3,543	\$3,615	\$3,878	\$4,164	\$5,015	\$5,653
Number of Recipients <sup>1</sup>	503	2,518	3,667	3,152	3,074	2,951	4,284
<b>2000/01</b>							
Average Monthly Allowance <sup>1</sup>	\$599	\$614	\$990	\$1,323	\$1,810	\$2,875	\$4,138
Average Final Compensation	\$4,504	\$3,289	\$3,517	\$3,604	\$3,937	\$4,750	\$5,371
Number of Recipients <sup>1</sup>	453	2,620	4,082	3,284	3,024	2,948	4,794
<b>1999/00</b>							
Average Monthly Allowance <sup>1</sup>	\$478	\$568	\$921	\$1,221	\$1,705	\$2,515	\$3,710
Average Final Compensation	\$4,028	\$3,227	\$3,397	\$3,480	\$3,831	\$4,460	\$5,026
Number of Recipients <sup>1</sup>	403	2,229	3,222	2,442	2,402	2,074	2,903
<b>1998/99</b>							
Average Monthly Allowance <sup>1</sup>	\$435	\$521	\$851	\$1,135	\$1,522	\$2,424	\$3,351
Average Final Compensation	\$3,795	\$3,116	\$3,230	\$3,346	\$3,621	\$4,411	\$4,844
Number of Recipients <sup>1</sup>	312	2,249	3,081	2,387	2,264	2,044	2,475

**Note:**

<sup>1</sup> These averages and totals are for retired members, beneficiaries, and community property recipients.

# CalPERS Public Agency Employers

## Contract Actions Summary

On June 30, 2005, 1,523 public agency contracts provided retirement, death, and survivor benefits for employees of 57 county superintendents of schools; four school district offices; 446 cities and towns; 36 counties; and 979 districts and other public agencies. The 57 county superintendents of schools contracts provide benefits for 1,059 school districts, bringing the total number of public agency employers to 2,582.

	Added	Merged	Terminated	Total
County Superintendents of Schools (for 1,059 school districts)	—	—	—	57
Los Angeles City Schools and Community College Districts	—	—	—	2
Los Angeles County Superintendents of Schools and San Diego County of Superintendent of Schools	—	—	—	2
Cities/Towns	1	—	—	446
Counties	—	—	—	36
Districts and Other Public Agencies	19	-1	—	980
<b>Total Public Agency Contracts</b>	<b>20</b>	<b>-1</b>	<b>0</b>	<b>1,523</b>

## Amendments

Public agency contracts vary depending upon the member categories covered, the formula the agency elects to provide, and the optional benefit provisions selected from the group of approximately 51 benefits. These optional benefits may be provided at the time the original contract is established or they may be added later through the contract amendment process.

During the 2004-05 fiscal year, 273 benefit changes were made through 201 contract amendments. The benefit formula changes for public agencies included: 26 to provide the 2.7% at 55 formula for active miscellaneous members; 17 to provide the 2.5% at 55 formula for active miscellaneous members; 9 to provide 3% at 60 formula for active miscellaneous members; 14 to provide 2% at 55 for miscellaneous members; 37 to provide 3% at 50 formula for safety members; 6 to provide 3% at 55 formula for safety members; and 2 to provide 2% at 50 formula for safety members.

There were no new optional benefits added during the year.

### Two Years of Additional Service Credit — The Golden Handshake

Contracting agencies may amend their contracts to provide additional service credit if there are impending mandatory

transfers, layoffs, or demotions. Eligible employees who retire within a 90- to 180-day window period established by the employer receive two years additional service credit. The county schools may also contract for this benefit when there is an impending curtailment of, or change in the manner of performing services, and their best interest would be served by granting the additional service credit. Once the contract is amended, the employer may establish additional window periods.

In the 2004-05 fiscal year, 17 public agencies amended their contracts to provide the two years of additional service credit and 33 additional window periods were established. The County Offices of Education established 75 additional window periods for the Golden Handshake benefit.

### Popular Benefit Amendments

3% at 50 Safety Formula	37 amendments
Military Service Credit as Public Service	24 amendments
2.7% at 55 Miscellaneous Formula	21 amendments
One-Year Final Compensation	21 amendments
Two Years Additional Service Credit	17 amendments
2.5% at 55 Miscellaneous Formula	15 amendments
Pre-Retirement Optional Settlement 2 Death Benefit	15 amendments
Fourth Level 1959 Survivor Benefit	15 amendments
2% at 55 Miscellaneous Formula	14 amendments
Credit for Unused Sick Leave	10 amendments

## CalPERS Public Agency Employers (continued)

### Mergers

Alameda County Transportation Authority merged into Alameda County Transportation Improvement Authority, a new agency, effective September 5, 2004.

### Terminations

During the year, no agencies completed the termination process.

### New Contracts

During the 2004-05 fiscal year, 20 additional agencies contracted with CalPERS for retirement, death, and survivor benefits. The new contracting agencies are:

Effective Date	Public Agency	Miscellaneous Member Formula	Safety Member Formula
7/01/04	Pebble Beach Community Services District	2.5% at 55	
7/01/04	Costa Mesa Sanitary District	2% at 55	
7/01/04	Salinas Valley Solid Waste Authority	2% at 55	
7/03/04	Housing Authority of the City of San Buenaventura	2.7% at 55	
7/04/04	Trinity Public Utilities District	3% at 60	
7/10/04	Tehachapi-Cummings County Water District	2% at 60	
7/16/04	Colusa County One-Stop Partnership	2% at 55	
8/21/04	Truckee Donner Public Utility District	2% at 60	
9/05/04	Foundation for California Community Colleges	3% at 60	
10/18/04	Treasure Island Development Authority	2% at 55	
11/11/04	Marina Coast Water District	2% at 60	
11/28/04	Pomeroado Cemetery District	2% at 55	
2/01/05	Cooperative Organization for the Development of Employee Selection Procedures	2% at 55	
2/01/05	Hacienda La Puente Unified School District		3% at 50
2/01/05	Alameda County Transportation Improvement Authority	2% at 55	
2/25/05	Winton Water and Sanitary District	2% at 60	
4/01/05	Ironhouse Sanitary District	2.7% at 55	
5/01/05	Amador County Transportation Commission	2% at 60	
6/25/05	City of Delano		2% at 55
6/27/05	Santa Clara County Open Space Authority	2% at 55	

# CalPERS Public Agency Employers (continued)

## Reciprocal Systems

Reciprocity is a valuable addition to the CalPERS benefit package. Its purpose is to encourage career public service, by allowing members to move between employers under different public retirement systems without losing their retirement and related benefits. The following retirement systems have reciprocity with CalPERS.

### Counties Under the County Employees'

#### Retirement Law of 1937

Alameda	Sacramento
Contra Costa	San Bernardino
Fresno	San Diego
Imperial	San Joaquin
Kern	San Mateo
Los Angeles	Santa Barbara
Marin	Sonoma
Mendocino	Stanislaus
Merced	Tulare
Orange	Ventura

### The University of California Retirement Plan (UCRP)

#### Reciprocal Public Retirement Systems

California Administrative Services Authority
Concord, City of
Contra Costa Water District
Costa Mesa, City of (safety only)
East Bay Municipal Utility District
East Bay Regional Park District (safety only)
Fresno Employees' Retirement System
Long Beach Schools Business Management Authority
Los Angeles, City of
Los Angeles County Metropolitan Transportation Authority (Non-Contract Employees' Retirement Income Plan)
Oakland, City of (non-safety only)
Pasadena, City of (fire and police only)
Sacramento, City of
San Clemente, City of (non-safety only)
San Diego, City of
San Francisco, City and County of
San Jose, City of
San Luis Obispo, County of

#### Systems with Limited Reciprocity

Judges' Retirement System
Judges' Retirement System II
Legislators' Retirement System
California State Teachers' Retirement System

## Participating Public Agencies by Type

Total number of CalPERS members for each agency follows its name.

### County Superintendents of Schools

Alameda - 10,941	Orange - 21,835
Alpine - 38	Placer - 2,912
Amador - 205	Plumas - 297
Butte - 2,437	Riverside - 15,499
Calaveras - 485	Sacramento - 11,973
Colusa - 240	San Benito - 559
Contra Costa - 7,192	San Bernardino - 18,082
Del Norte - 184	San Diego - 25,873
El Dorado - 1,678	San Joaquin - 5,744
Fresno - 8,922	San Luis Obispo - 2,318
Glenn - 371	San Mateo - 4,501
Humboldt - 1,443	Santa Barbara - 3,632
Imperial - 2,105	Santa Clara - 13,099
Inyo - 259	Santa Cruz - 2,351
Kern - 9,137	Shasta - 1,785
Kings - 1,356	Sierra - 48
Lake - 693	Siskiyou - 708
Lassen - 369	Solano - 3,024
Los Angeles - 78,517	Sonoma - 3,767
Madera - 1,200	Stanislaus - 5,437
Marin - 1,867	Sutter - 720
Mariposa - 179	Tehama - 779
Mendocino - 1,425	Trinity - 248
Merced - 3,049	Tulare - 5,136
Modoc - 196	Tuolumne - 428
Mono - 166	Ventura - 6,108
Monterey - 4,161	Yolo - 1,472
Napa - 1,333	Yuba - 912
Nevada - 663	<b>Total - 57</b>

### School District Offices

Los Angeles Unified School District - 41,057
Los Angeles Community College District - 2,749
Los Angeles County Office of Education - 3,348
San Diego County Office of Education - 1,059

**Total - 4**

## CalPERS Public Agency Employers (continued)

### Counties

Alpine - 106	Kings - 1,724	Placer - 3,054	Siskiyou - 894
Amador - 609	Lake - 1,250	Plumas - 659	Solano - 3,473
Butte - 2,628	Lassen - 636	Riverside - 20,051	Sutter - 1,265
Calaveras - 610	Madera - 1,751	San Benito - 618	Tehama - 1,163
Colusa - 365	Mariposa - 441	San Francisco City & County <sup>1</sup> - 1,405	Trinity - 600
Del Norte - 685	Modoc - 547	Santa Clara - 19,704	Tuolumne - 1,540
El Dorado - 2,354	Mono - 398	Santa Cruz - 3,265	Yolo - 2,167
Glenn - 641	Monterey - 6,030	Shasta - 2,234	Yuba - 1,219
Humboldt - 2,320	Napa - 1,647	Sierra - 137	
Inyo - 553	Nevada - 1,379		<b>Total - 36</b>

### Cities & Towns

Adelanto - 150	Blue Lake - 10	Colton - 487	Elk Grove - 56
Agoura Hills - 47	Blythe - 133	Colusa - 51	Emeryville - 72
Alameda - 835	Bradbury - 3	Commerce - 171	Encinitas - 286
Albany - 115	Brawley - 179	Compton - 644	Escalon - 52
Alhambra - 656	Brea - 479	Concord - 695	Escondido - 1,119
Aliso Viejo - 10	Brentwood - 339	Corcoran - 90	Etna - 8
Alturas - 26	Brisbane - 130	Corning - 52	Eureka - 311
American Canyon - 90	Buellton - 23	Corona - 978	Exeter - 41
Anaheim - 3,075	Buena Park - 405	Coronado - 360	Fairfax - 54
Anderson - 68	Burbank - 1,607	Corte Madera - 94	Fairfield - 696
Angels - 55	Burlingame - 298	Costa Mesa - 932	Farmersville - 37
Antioch - 465	Calabasas - 130	Cotati - 61	Fillmore - 53
Apple Valley - 116	Calexico - 270	Covina - 285	Firebaugh - 59
Arcadia - 448	California City - 104	Crescent City - 88	Folsom - 641
Arcata - 136	Calimesa - 20	Cudahy - 25	Fontana - 688
Artesia - 48	Calipatria - 26	Culver City - 876	Fort Bragg - 78
Arvin - 55	Calistoga - 70	Cupertino - 183	Fortuna - 86
Atascadero - 177	Camarillo - 162	Cypress - 239	Fountain Valley - 290
Atherton - 81	Campbell - 210	Daly City - 827	Fowler - 34
Atwater - 140	Canyon Lake - 7	Dana Point - 70	Fremont - 1,129
Auburn - 122	Capitola - 101	Davis - 588	Fullerton - 761
Avalon - 73	Carlsbad - 753	Del Mar - 77	Galt - 212
Avenal - 40	Carmel-By-The-Sea - 115	Del Rey Oaks - 13	Garden Grove - 815
Azusa - 403	Carpinteria - 49	Delano - 2	Gardena - 512
Bakersfield - 1,529	Carson - 548	Desert Hot Springs - 113	Gilroy - 324
Baldwin Park - 704	Cathedral City - 245	Diamond Bar - 61	Glendale - 2,562
Banning - 212	Cerritos - 615	Dinuba - 219	Glendora - 262
Barstow - 155	Chico - 429	Dixon - 133	Goleta - 40
Beaumont - 116	Chino - 549	Dos Palos - 32	Gonzales - 51
Bell - 205	Chowchilla - 85	Downey - 555	Grande - 121
Bell Gardens - 189	Chula Vista - 1,456	Duarte - 71	Grand Terrace - 77
Bellflower - 132	Citrus Heights - 75	Dublin - 108	Grass Valley - 142
Belmont - 182	Claremont - 292	Dunsmuir - 17	Greenfield - 50
Belvedere - 28	Clayton - 35	East Palo Alto - 98	Gridley - 57
Benicia - 303	Clearlake - 66	El Cajon - 726	Grover Beach - 99
Berkeley - 1,929	Cloverdale - 66	El Centro - 321	Guadalupe - 56
Beverly Hills - 1,096	Clovis - 837	El Cerrito - 206	Gustine - 27
Biggs - 13	Coachella City - 76	El Monte - 515	Half Moon Bay - 76
Bishop - 35	Colma - 66	El Segundo - 414	Hanford - 291

#### Note:

<sup>1</sup> This agency has both City and County employees and is listed in both areas; however, it is included only in the "total" count of the Cities category.

# CalPERS Public Agency Employers (continued)

## Cities & Towns

Hawaiian Gardens - 112	Livingston - 84	Oakdale - 99	Ripon - 25
Hawthorne - 532	Lodi - 613	Oakland - 5,119	Riverbank - 69
Hayward - 1,057	Loma Linda - 115	Oakley - 27	Riverside - 2,451
Healdsburg - 143	Lomita - 63	Oceanside - 1,232	Rocklin - 416
Hemet - 413	Lompoc - 470	Ojai - 49	Rohnert Park - 257
Hercules - 191	Long Beach - 6,186	Ontario - 1,145	Rolling Hills - 5
Hermosa Beach - 206	Loomis - 13	Orange - 819	Rolling Hills Estates - 39
Hesperia - 122	Los Alamitos - 80	Orange Cove - 18	Rosemead - 67
Hidden Hills - 5	Los Altos - 178	Orland - 37	Roseville - 1,336
Highland - 43	Los Altos Hills - 27	Oroville - 144	Ross - 23
Hillsborough - 132	Los Banos - 174	Oxnard - 2,551	Sacramento - 5,660
Hollister - 177	Los Gatos - 242	Pacific Grove - 148	Salinas - 536
Hughson - 43	Loyalton - 3	Pacifica - 286	San Anselmo - 101
Huntington Beach - 1,193	Lynwood - 299	Palm Desert - 190	San Bernardino - 1,755
Huntington Park - 224	Madera - 348	Palm Springs - 583	San Bruno - 303
Imperial - 50	Malibu - 82	Palmdale - 421	San Buenaventura - 838
Imperial Beach - 108	Mammoth Lakes - 135	Palo Alto - 1,349	San Carlos - 196
Indian Wells - 53	Manhattan Beach - 344	Palos Verdes Estates - 91	San Clemente - 56
Indio - 258	Manteca - 405	Paramount - 140	San Dimas - 92
Industry - 36	Marina - 126	Parlier - 46	San Fernando - 154
Inglewood - 1,065	Martinez - 57	Pasadena - 2,235	San Francisco - 1,405
Ione - 19	Marysville - 91	Paradise - 113	San Gabriel - 205
Irvine - 788	Maywood - 101	Paso Robles - 199	San Jacinto - 85
Irwindale - 92	Menlo Park - 360	Patterson - 79	San Joaquin - 21
Jackson - 45	Merced - 541	Perris - 105	San Jose - 11
Kerman - 51	Mill Valley - 219	Petaluma - 455	San Leandro - 526
King City - 50	Millbrae - 188	Pico Rivera - 194	San Luis Obispo - 475
Kingsburg - 79	Milpitas - 590	Piedmont - 130	San Marcos - 245
La Canada Flintridge - 43	Mission Viejo - 172	Pinole - 154	San Marino - 158
La Habra - 527	Modesto - 1,388	Pismo Beach - 128	San Mateo - 703
La Habra Heights - 23	Monrovia - 345	Pittsburg - 312	San Pablo - 174
La Mesa - 308	Montague - 7	Placentia - 158	San Ramon - 256
La Mirada - 121	Montclair - 301	Placerville - 119	Sand City - 31
La Palma - 101	Monte Sereno - 9	Pleasant Hill - 177	Sanger - 151
La Puente - 55	Montebello - 694	Pleasanton - 604	Santa Ana - 1,934
La Quinta - 107	Monterey - 610	Pomona - 872	Santa Barbara - 1,558
La Verne - 199	Monterey Park - 475	Port Hueneme - 179	Santa Clara - 1,109
Laguna Beach - 304	Moorpark - 77	Porterville - 309	Santa Clarita - 587
Laguna Hills - 54	Moraga - 30	Portola - 17	Santa Cruz - 1,024
Laguna Niguel - 106	Moreno Valley - 556	Portola Valley - 15	Santa Fe Springs - 247
Laguna Woods - 10	Morgan Hill - 236	Poway - 334	Santa Maria - 607
Lake Elsinore - 79	Morro Bay - 138	Rancho Cordova - 21	Santa Monica - 2,485
Lake Forest - 75	Mountain View - 820	Rancho Cucamonga - 479	Santa Paula - 163
Lakeport - 56	Mt. Shasta - 46	Rancho Mirage - 96	Santa Rosa - 1,406
Lakewood - 332	Murrieta - 236	Rancho Palos Verdes - 141	Santee - 185
Lancaster - 544	Napa - 465	Red Bluff - 136	Saratoga - 92
Larkspur - 71	National City - 424	Redding - 917	Sausalito - 150
Lathrop - 106	Needles - 189	Redlands - 594	Scotts Valley - 109
Lawndale - 110	Nevada City - 34	Redondo Beach - 666	Seal Beach - 106
Lemon Grove - 91	Newark - 315	Redwood City - 833	Seaside - 203
Lemoore - 141	Newman - 50	Reedley - 137	Sebastopol - 53
Lincoln - 185	Newport Beach - 1,060	Rialto - 476	Selma - 178
Lindsay - 95	Norco - 159	Richmond - 918	Shafter - 139
Live Oak - 26	Norwalk - 311	Ridgecrest - 144	Shasta Lake - 52
Livermore - 631	Novato - 299	Rio Vista - 61	Sierra Madre - 89

## CalPERS Public Agency Employers (continued)

### Cities & Towns

Signal Hill - 168	Sutter Creek - 17	Upland - 374	Westminster - 347
Simi Valley - 758	Taft - 163	Vacaville - 622	Westmorland - 6
Solana Beach - 85	Tehachapi - 43	Vallejo - 624	Whittier - 507
Soledad - 55	Temecula - 231	Vernon - 448	Williams - 28
Solvang - 43	Temple City - 57	Victorville - 572	Willits - 58
Sonoma - 94	Thousand Oaks - 511	Villa Park - 6	Willows - 43
Sonora - 59	Tiburon - 53	Visalia - 644	Windsor - 107
South El Monte - 84	Torrance - 1,696	Vista - 441	Winters - 35
South Gate - 576	Tracy - 544	Walnut - 76	Woodlake - 51
South Lake Tahoe - 255	Trinidad - 0	Walnut Creek - 603	Woodland - 397
South Pasadena - 210	Truckee - 135	Wasco - 70	Woodside - 27
South San Francisco - 553	Tulare - 423	Waterford - 19	Yorba Linda - 146
St. Helena - 91	Tulelake - 17	Watsonville - 463	Yountville - 33
Stanton - 80	Turlock - 460	Weed - 41	Yreka - 76
Stockton - 2,195	Tustin - 380	West Covina - 490	Yuba City - 330
Suisun City - 127	Twentynine Palms - 51	West Hollywood - 282	Yucaipa - 87
Sunnyvale - 1,254	Ukiah - 204	West Sacramento - 413	Yucca Valley - 81
Susanville - 86	Union City - 379	Westlake Village - 21	<b>Total - 446</b>

### Districts & Other Public Agencies

Academic Senate for California Community Colleges - 11	Area 12 Agency on Aging - 36
Access Services Incorporated - 92	Armona Community Services District - 5
Agoura Hills and Calabasas Community Center - 13	Arrowbear Park County Water District - 6
Alameda Alliance for Health - 210	Arroyo Grande District Cemetery - 6
Alameda Corridor Transportation Authority - 24	Associated Students, California State University, San Bernardino - 2
Alameda County Congestion Management Agency - 14	Association of Bay Area Governments - 132
Alameda County Fire Department - 269	Association of California Water Agencies - 69
Alameda County Law Library - 17	Association of California Water Agencies-Joint Powers Insurance Authority - 49
Alameda County Mosquito Abatement District - 17	Association of Monterey Bay Area Governments - 20
Alameda County Schools Insurance Group - 11	Atascadero Cemetery District - 4
Alameda County Transportation Improvement Authority - 11	Auburn Area Recreation and Park District - 83
Alameda County Waste Management Authority - 39	Auburn Public Cemetery District - 7
Alameda County Water District - 248	Avila Beach Community Services District - 1
Albany Municipal Services Joint Powers Authority - 21	Aztec Shops, Ltd., San Diego University - 103
Alhambra Redevelopment Agency - 6	Baldwin Park Unified School District - 814
Aliso Water Management Agency - 0	Baldy Mesa Water District - 21
Alliance of Schools for Cooperative Insurance Programs - 16	Bard Water District - 16
Alpine Fire Protection District - 19	Bardsdale Cemetery District - 4
Alta California Regional Center Inc. - 319	Barstow Cemetery District - 5
Alta Irrigation District - 37	Bay Area Air Quality Management District - 403
Altadena Library District - 20	Bay Area Library and Information System - 5
Amador County Transportation Commission - 1	Bay Area Water Supply and Conservation Agency - 6
Amador Rapid Transit District - 36	Beach Cities Health District - 123
Amador Water Agency - 64	Bear Mountain Recreation and Park District - 5
American Canyon Fire District - 18	Bear Valley Community Services District - 44
American River Flood Control District - 8	Beaumont District Library - 8
Anderson Cemetery District - 1	Beaumont-Cherry Valley Recreation and Park District - 15
Anderson Fire Protection District - 7	Beaumont-Cherry Valley Water District - 27
Angiola Water District - 5	Bella Vista Water District - 28
Antelope Valley Mosquito and Vector Control District - 5	Belvedere-Tiburon Library Agency - 18
Antelope Valley Schools Transportation Agency - 269	Ben Lomond Fire Protection District - 2
Antelope Valley Transit Authority - 8	Benicia City Housing Authority - 17
Apple Valley Fire Protection District - 70	Bennett Valley Fire Protection District - 6
Aptos/La Selva Fire Protection Agency - 44	BETA Healthcare Group Risk Management Authority - 51
Arbuckle-College City Fire Protection District - 3	Big Bear Area Regional Wastewater Agency - 20
Arcata Fire Protection District - 10	

# CalPERS Public Agency Employers (continued)

## Districts & Other Public Agencies

---

Big Bear City Airport District - 6  
Big Bear City Community Services District - 80  
Big Bear Municipal Water District - 13  
Bighorn-Desert View Water Agency - 12  
Black Gold Cooperative Library System - 19  
Blanchard/Santa Paula Public Library District - 10  
Bodega Bay Fire Protection District - 18  
Bolin Community Public Utility District - 5  
Bolin Fire Protection District - 2  
Bonita-Sunnyside Fire Protection District - 18  
Boron Community Services District - 4  
Borrego Springs Fire Protection District - 24  
Borrego Water District - 13  
Branciforte Fire Protection District - 3  
Brannan-Andrus Levee Maintenance District - 1  
Broadmoor Police Protection District - 20  
Brooktrails Township Community Services District - 12  
Browns Valley Irrigation District - 13  
Buena Park Library District - 22  
Burney Basin Mosquito Abatement District - 1  
Burney Fire District - 7  
Burney Water District - 8  
Butte County Air Quality Management District - 12  
Butte County Association of Governments - 8  
Butte County In-Home Supportive Services Public Authority - 3  
Butte County Mosquito and Vector Control District - 19  
Butte Schools Self-Funded Programs - 2  
Butte-Glenn Community College District - 407  
Byron-Bethany Irrigation District - 9  
Cachuma Operation and Maintenance Board - 20  
Cal Poly Pomona Foundation, Inc. - 394  
Calaveras County Water District - 77  
Calaveras Public Utility District - 8  
California Association for Park and Recreation Insurance - 3  
California Authority of Racing Fairs - 26  
California Bear Credit Union - 94  
California Fair Services Authority - 59  
California Fairs Financing Authority - 47  
California Firefighter's Joint Apprenticeship Committee - 37  
California Interscholastic Federation, Central Coast Section - 5  
California Interscholastic Federation, Central Section - 3  
California Interscholastic Federation, North Coast Section - 10  
California Interscholastic Federation, Northern Section - 2  
California Interscholastic Federation, Sac-Joaquin Section - 4  
California Interscholastic Federation, San Diego Section - 3  
California Interscholastic Federation, Southern Section - 16  
California Interscholastic Federation, State Office - 14  
California Joint Powers Insurance Authority - 24  
California Joint Powers Risk Management Authority - 6  
California Maritime Academy Foundation, Inc. - 3  
California Municipal Utilities Association - 4  
California Pines Community Services District - 7  
California Redevelopment Association - 14  
California School Boards Association - 152  
California Special Districts Association - 14  
California State and Federal Employees No. 20 Credit Union - 16  
California State University, Bakersfield Foundation - 117  
California State University, Stanislaus Auxiliary and Business Services - 85  
California State University, Foundation - 24  
California State University, Fresno Association, Inc. - 194  
California State University, Fresno Athletic Corporation - 133  
California State University, Sacramento Foundation - 256  
Callayomi County Water District - 3  
Calleguas Municipal Water District - 72  
Camarillo Health Care District - 62  
Cambria Cemetery District - 1  
Cambria Community Healthcare District - 8  
Cambria Community Services District - 41  
Cameron Park Community Services District - 13  
Camrosa Water District - 23  
Capitol Area Development Authority - 58  
Carmel Highlands Fire Protection District of Monterey County - 1  
Carmel Valley Fire Protection District - 13  
Carmichael Water District - 32  
Carpinteria Sanitary District - 16  
Carpinteria Valley Water District - 22  
Casitas Municipal Water District - 56  
Castaic Lake Water Agency - 106  
Castro Valley Sanitary District - 14  
Castroville Water District - 6  
Cawelo Water District - 19  
Cayucos Sanitary District - 8  
Cayucos-Morro Bay Cemetery District - 4  
Centerville Community Services District - 5  
Central Basin Municipal Water District - 74  
Central Calaveras Fire and Rescue Protection District - 4  
Central Coast Computing Authority - 10  
Central Coast Water Authority - 39  
Central Contra Costa Transit Authority - 384  
Central Fire Protection District of Santa Cruz County - 73  
Central Marin Sanitation Agency - 37  
Central Sierra Child Support Agency - 40  
Central Sierra Planning Council - 5  
Central Valley Regional Center, Inc. - 363  
Central Water District - 4  
Chester Fire Protection District - 2  
Chester Public Utility District - 5  
Chico Area Recreation and Park District - 63  
Chino Basin Watermaster - 14  
Chino Valley Independent Fire District - 129  
Citrus Heights Water District - 27  
Clear Creek Community Services District - 10  
Clearlake Oaks County Water District - 19  
Clearlake Oaks Fire Protection District - 5  
Cloverdale Citrus Fair - 5  
Cloverdale Fire Protection District - 6  
Clovis Cemetery District - 13  
Coachella Valley Association of Governments - 25  
Coachella Valley Mosquito Abatement District - 52  
Coachella Valley Public Cemetery District - 6  
Coachella Valley Water District - 560  
Coalinga-Huron Cemetery District - 2  
Coalinga-Huron Mosquito Abatement District - 0  
Coalinga-Huron Recreation and Park District - 24  
Coalinga-Huron Unified School District Library District - 6  
Coast Life Support District - 7

# CalPERS Public Agency Employers (continued)

## Districts & Other Public Agencies

---

Coastal Developmental Services Foundation DBA Westside  
Regional Center - 246  
Coastal Municipal Water District - 0  
Coastside County Water District - 21  
Colfax Cemetery District - 2  
College Town - 0  
College of the Canyons Foundation - 6  
Colusa County One-Stop Partnership - 14  
Colusa Mosquito Abatement District - 4  
Community College League of California - 25  
Community Development Commission of Los Angeles County - 1,178  
Community Development Commission of Mendocino County - 37  
Community Development Commission of the City of National City - 54  
Compton Creek Mosquito Abatement District - 1  
Compton Unified School District - 1,887  
Conejo Recreation and Park District - 240  
Consolidated Area Housing, Sutter County - 43  
Consolidated Mosquito Abatement District - 24  
Contra Costa Community College District - 860  
Contra Costa County Law Library - 4  
Contra Costa County Schools Insurance Group - 63  
Contra Costa Transportation Authority - 20  
Cooperative Organization for the Development of Employee  
Selection Procedures - 9  
Cooperative Personnel Services - 371  
Copperopolis Fire Protection District - 6  
Cordelia Fire Protection District of Solano County - 8  
Corning Water District - 4  
Costa Mesa Sanitary District - 6  
Cottonwood Fire Protection District - 2  
Cottonwood Water District - 2  
Crescent City Harbor District - 16  
Crescenta Valley Water District - 35  
Crestline Lake Arrowhead Water Agency - 11  
Crockett-Valona Sanitary District - 1  
CSAC Excess Insurance Authority - 46  
Cucamonga Valley Water District - 128  
Cutler Public Utility District - 4  
Cutler-Orosi Joint Powers Wastewater Authority - 2  
Cuyama Valley Recreation District - 1  
Dairy Council of California - 104  
Daly City Redevelopment Agency - 0  
Deer Springs Fire Protection District - 0  
Del Norte County Library District - 5  
Del Paso Manor Water District - 3  
Del Puerto Water District - 4  
Del Rey Community Services District - 4  
Delano Mosquito Abatement District - 8  
Delta Diablo Sanitation District - 66  
Delta Vector Control District - 16  
Denair Community Services District - 6  
Desert Water Agency - 85  
Diamond Springs/El Dorado Fire Protection District - 24  
Dixon Unified School District Library District - 16  
Donald P. and Katherine B. Loker University Student Union, Inc. - 10  
Dougherty Regional Fire Authority - 5  
Downey Cemetery District - 0  
Dublin San Ramon Services District - 118  
East Bay Dischargers Authority - 3  
East Bay Regional Park District - 526  
East Contra Costa Irrigation District - 21  
East County Fire Protection District - 45  
East Kern Airport District - 34  
East Orange County Water District - 10  
East Palo Alto Sanitary District - 9  
East Quincy Services District - 6  
East San Gabriel Valley Human Services Consortium - 99  
East Valley Resource Conservation District - 12  
East Valley Water District - 72  
Eastern Municipal Water District - 648  
Ebbetts Pass Fire Protection District - 29  
El Dorado County Fire Protection District - 79  
El Dorado County Transit Authority - 76  
El Dorado Hills Community Services District - 47  
El Dorado Hills County Water District - 56  
El Dorado Irrigation District - 326  
Elk Grove Community Services District - 427  
Elsinore Valley Municipal Water District - 182  
Encina Wastewater Authority - 83  
Esparto Community Services District - 7  
Esparto Fire Protection District - 2  
Estero Municipal Improvement District - 289  
Exeter District Ambulance - 12  
Fair Oaks Recreation and Park District - 53  
Fair Oaks Water District - 59  
Fairfield-Suisun Sewer District - 26  
Fall River Mills Community Services District - 4  
Fallbrook Public Utility District - 81  
Far Northern Regional Center - 180  
Feather River Air Quality Management District - 12  
Feather River Recreation and Park District - 31  
Feather Water District - 5  
Felton Fire Protection District - 3  
Fern Valley Water District - 5  
Florin County Water District - 11  
Florin Resource Conservation District/Elk Grove Water Works - 20  
Fontana Unified School District - 1,269  
Foothill Municipal Water District - 10  
Foresthill Public Utility District - 9  
Forestville County Water District - 2  
Forestville Fire Protection District - 7  
Fort Bragg Fire Protection Authority - 4  
Fort Ord Reuse Authority - 19  
Foundation for California Community Colleges - 95  
Fresno City Housing Authority - 180  
Fresno County Housing Authority - 160  
Fresno County Law Library - 5  
Fresno Westside Mosquito Abatement District - 7  
Fruitridge Fire Protection District - 0  
Fullerton, California State University, Associated Students - 70  
Fulton-El Camino Recreation and Parks District - 19  
Galt Fire Protection District - 36  
Garden Valley Fire Protection District - 5  
Georgetown Divide Public Utility District - 22  
Georgetown Fire Protection District - 16  
Gilsizer County Drainage District - 5

# CalPERS Public Agency Employers (continued)

## Districts & Other Public Agencies

---

Glen Ellen Fire Protection District - 7	Humboldt County Association of Governments - 3
Glendale College, Associated Students of - 18	Humboldt No. 1 Fire Protection District - 22
Glendale Community College District - 421	Humboldt State College University Center - 85
Glenn County Mosquito and Vector Control District - 0	Humboldt Transit Authority - 57
Gold Ridge Fire Protection District - 4	Humboldt Waste Management Authority - 17
Golden Gate Bridge Highway and Transportation District - 614	Idyllwild Fire Protection District - 7
Golden Sierra Job Training Agency - 38	Independent Cities Association, Inc. - 0
Goleta Sanitary District - 43	Indian Wells Valley Water District - 36
Goleta Water District - 72	Inland Counties Regional Center, Inc. - 633
Goleta West Sanitary District - 9	Inland Empire Health Plan - 469
Great Basin Unified Air Pollution Control District - 32	Inland Empire Utilities Agency - 309
Greater Anaheim Special Education Local Plan Area - 55	Inland Empire West Resource Conservation District - 5
Greater Los Angeles County Vector Control District - 58	Intelecom Intelligent Telecommunications - 54
Greater Vallejo Recreation District - 39	Intergovernmental Training and Development Center - 8
Green Valley County Water District - 2	Inverness Public Utility District - 4
Gridley Biggs Cemetery District - 4	Ironhouse Sanitary District - 31
Grossmont Healthcare District - 5	Irvine Child Care Project - 0
Grossmont Schools Federal Credit Union - 26	Irvine Ranch Water District - 363
Grossmont-Cuyamaca Community College District - 581	Isla Vista Recreation and Park District - 13
Groveland Community Services District - 39	Jamestown Sanitary District - 4
Gualala Community Services District - 3	Janesville Fire Protection District - 1
Hacienda La Puente Unified School District - 1,435	June Lake Public Utility District - 9
Halcumb Cemetery District - 0	Jurupa Area Recreation and Park District - 11
Half Moon Bay Fire Protection District - 45	Jurupa Community Services District - 87
Hamilton Branch Fire Protection District - 2	Kaweah Delta Water Conservation District - 23
Happy Camp Sanitary District - 2	Kelseyville Fire Protection District - 11
Happy Homestead Cemetery District - 2	Kensington Community Service District - 9
Happy Valley Fire District - 3	Kentfield Fire Protection District - 14
Hayward Area Recreation and Park District - 169	Kenwood Fire Protection District - 2
Hayward, California State University, Auxiliary Foundation, Inc. - 195	Kern County Public Cemetery District No. 1 - 9
Heartland Communications Facility Authority - 36	Kern County Council of Governments - 20
Heber Public Utility District - 10	Kern County Housing Authority - 138
Helix Water District - 174	Kern County Law Library - 5
Henry Miller Reclamation District No. 2131 - 38	Kern County Local Agency Formation Commission - 1
Herald Fire Protection District - 1	Kern Health Systems - 160
Heritage Ranch Community Services District - 12	Kern River Valley Cemetery District - 3
Hesperia County Water District - 50	Kettleman City Community Services District - 4
Hesperia Fire Protection District - 54	Kings Mosquito Abatement District - 13
Hi-Desert Water District - 52	Kings Waste and Recycling Authority - 91
Hidden Valley Lake Community Services District - 17	Kinneloa Irrigation District - 3
Higgins Area Fire Protection District - 20	Kirkwood Meadows Public Utilities District - 11
Hilton Creek Community Services District - 2	Konocti County Water District - 8
Hopland Public Utility District - 2	La Branza Water District - 0
Housing Authority of the City of Calexico - 32	La Habra Heights County Water District - 11
Housing Authority of the City of Eureka - 23	La Puente Valley County Water District - 14
Housing Authority of the City of Livermore - 18	Laguna Beach County Water District - 45
Housing Authority of the City of Los Angeles - 1,439	Lake Arrowhead Community Services District - 57
Housing Authority of the City of Madera - 61	Lake County Vector Control District - 6
Housing Authority of the City of San Buenaventura - 47	Lake Don Pedro Community Services District - 6
Housing Authority of the City of South San Francisco - 4	Lake Hemet Municipal Water District - 64
Housing Authority of the County of Butte - 39	Lake Shastina Community Services District - 14
Housing Authority of the County of Santa Cruz - 89	Lake Valley Fire Protection District - 30
Hub Cities Consortium - 56	Lakeport County Fire Protection District - 11
Human Rights/Fair Housing Commission of the City and County of Sacramento - 28	Lakeshore Fire Protection District - 21
Humboldt Bay Harbor Recreation and Conservation District - 17	Lakeside Fire Protection District - 81
Humboldt Bay Municipal Water District - 23	Lakeside Water District - 13
Humboldt Community Services District - 25	Lamont Public Utility District - 3
	Las Gallinas Valley Sanitary District of Marin County - 15

# CalPERS Public Agency Employers (continued)

## Districts & Other Public Agencies

---

Las Virgenes Municipal Water District - 152	Mendocino Transit Authority - 67
Lassen County Waterworks District No. 1 - 1	Menlo Park Fire Protection District - 102
League of California Cities - 120	Merced County Housing Authority - 84
Leucadia Wastewater District - 27	Merced County Mosquito Abatement District - 14
Levee District No. 1 of Sutter County - 2	Merced Irrigation District - 207
Linda County Water District - 11	Merritt College Associated Students, Inc. - 0
Linda Fire Protection District - 11	Mesa Consolidated Water District - 76
Linden-Peters Rural County Fire Protection District - 10	Metropolitan Cooperative Library System - 24
Lindsay Strathmore Public Cemetery District - 4	Metropolitan Transportation Commission - 160
Little Lake Fire Protection District - 4	Metropolitan Water District of Southern California - 2,173
Littlerock Creek Irrigation District - 6	Mid City Development Corporation - 1
Live Oak Cemetery District - 3	Mid-Peninsula Water District - 26
Livermore/Amador Valley Transit Authority - 12	Mid-Placer Public Schools Transportation Agency - 110
Local Government Services Authority, A Joint Powers Authority - 15	Midpeninsula Regional Open Space District - 111
Lompico County Water District - 3	Midway City Sanitary District - 33
Long Beach City College, Associated Student Body Enterprises - 32	Millview County Water District - 6
Long Beach State University, Associated Students - 77	Minter Field Airport District - 10
Long Beach State University, Forty-Niner Shops, Inc. - 81	Mission Springs Water District - 60
Los Alamos Community Services District - 7	Mojave Water Agency - 40
Los Angeles City Community Redevelopment Agency - 240	Mokelumne Rural Fire District - 9
Los Angeles County Area 'E' Civil Defense and Disaster Board - 1	Monte Vista County Water District - 47
Los Angeles County Housing Authority - 0	Montecito Fire Protection District - 48
Los Angeles County Law Library - 49	Montecito Sanitary District of Santa Barbara County - 17
Los Angeles County Sanitation District No. 2 - 2,057	Montecito Water District - 30
Los Angeles County West Vector Control District - 45	Monterey Bay Unified Air Pollution Control District - 42
Los Angeles Memorial Coliseum Commission - 41	Monterey County Water Resources Agency - 72
Los Angeles Regionalized Insurance Services Authority - 0	Monterey Peninsula Airport District - 58
Los Angeles to Pasadena Metro Blue Line Construction Authority - 15	Monterey Peninsula Regional Park District - 10
Los Gatos-Saratoga Department of Community Education and Recreation - 43	Monterey Peninsula Water Management District - 37
Los Osos Community Services District - 26	Monterey Regional Waste Management District - 163
Lower Lake County Waterworks District No. 1 - 5	Monterey Regional Water Pollution Control Agency - 89
Lower Lake Fire Protection District - 2	Monterey-Salinas Transit - 329
Lower Tule River Irrigation District - 31	Montezuma Fire Protection District - 9
Lucerne Recreation and Park District - 5	Morongio Basin Transit Authority - 50
Madera Cemetery District - 19	Mother Lode Job Training Agency - 35
Madera County Economic Development Commission - 1	Moulton-Niguel Water District - 126
Madera County Mosquito and Vector Control District - 10	Mountain-Valley Library System - 5
Main San Gabriel Basin Watermaster - 13	Mountains Recreation and Conservation Authority - 205
Majestic Pines Community Services District - 3	Mt. View Sanitary District of Contra Costa County - 16
Mammoth Lakes Fire District - 8	Mt. San Antonio College Auxiliary Services - 66
Management of Emeryville Services Authority - 138	Municipal Water District of Orange County - 33
March Joint Powers Authority - 16	Murphys Sanitary District - 6
Marin Children and Families Commission - 8	Murrieta County Water District - 28
Marin County Housing Authority - 107	Murrieta Fire Protection District - 45
Marin County Sanitary District No. 1 - 19	Napa County Mosquito Abatement District - 7
Marin Healthcare District - 1	Napa County Resource Conservation District - 14
Marin Municipal Water District - 308	Napa Sanitation District - 49
Marina Coast Water District - 33	National Orange Show - 112
Marinwood Community Services District - 26	Natomas Fire Protection District - 0
Mariposa Public Utility District - 6	Nevada Cemetery District - 3
Maxwell Public Utility District - 3	Nevada County Consolidated Fire District - 54
McCloud Community Services District - 12	Nevada County Local Agency Formation Commission - 3
McFarland Recreation and Park District - 10	Nevada Irrigation District - 181
McKinleyville Community Services District - 32	Nevada-Sierra Regional IHSS Public Authority - 9
Meeks Bay Fire Protection District - 7	Newcastle, Rocklin, Gold Hill Cemetery District - 5
Meiners Oaks County Water District - 5	Newhall County Water District - 47
Mendocino City Community Services District - 4	Newport Beach City Employees Federal Credit Union - 6
	Nice Community Services District - 6

# CalPERS Public Agency Employers (continued)

## Districts & Other Public Agencies

---

Niland Fire District - 1  
Niland Sanitary District - 0  
Nipomo Community Services District - 12  
North Bay Cooperative Library System - 12  
North Bay Regional Center - 190  
North Bay Schools Insurance Authority - 23  
North Central Counties Consortium - 9  
North Coast County Water District - 24  
North Coast Railroad Authority - 3  
North Coast Unified Air Quality Management District - 14  
North County Fire Protection District of Monterey County - 31  
North County Fire Protection District of San Diego County - 91  
North County Transit District - 761  
North Kern Cemetery District - 7  
North Kern Water Storage District - 25  
North Kern-South Tulare Hospital District - 156  
North Los Angeles County Regional Center, Inc. - 494  
North Marin Water District - 72  
North of the River Municipal Water District - 8  
North State Cooperative Library System - 11  
North Tahoe Fire Protection District - 57  
Northern California Power Agency - 168  
Northern California Special Districts Insurance Authority - 2  
Northern Sierra Air Quality Management District - 10  
Northstar Community Services District - 36  
Northwest Mosquito and Vector Control District - 23  
Novato Sanitary District - 31  
Oakdale Irrigation District - 82  
Oakdale Rural Fire Protection District - 10  
Oakland City Housing Authority - 380  
Oakland Unified School District - 2,768  
Oceano Community Services District - 13  
Ojai Valley Sanitary District - 24  
Olcese Water District - 1  
Olivenhain Municipal Water District - 96  
Omnitrans - 1,003  
Ophir Hill Fire Protection District - 3  
Orange County Health Authority (Caloptima) - 504  
Orange County Transportation Authority - 13  
Orange Cove Fire Protection District of Fresno and Tulare Counties - 1  
Orchard Dale County Water District - 9  
Orland Cemetery District - 3  
Oro Loma Sanitary District - 55  
Orosi Public Utility District - 6  
Oroville Cemetery District - 10  
Oroville Mosquito Abatement District - 1  
Otay Water District - 232  
Oxnard Drainage District No. 2 - 0  
Oxnard Harbor District - 34  
Pacific Fire Protection District - 1  
Padre Dam Municipal Water District - 150  
Pajaro Valley Fire Protection Agency - 1  
Pajaro Valley Public Cemetery District - 7  
Pajaro Valley Water Management Agency - 24  
Palm Ranch Irrigation District - 4  
Palmdale Water District - 97  
Palo Verde Cemetery District - 10  
Palo Verde Valley District Library - 5  
Palos Verdes Library District - 55  
Pasadena City College Bookstore - 13  
Pasadena Unified School District - 1,440  
Paso Robles City Housing Authority - 9  
Patterson Irrigation District - 13  
Pauma Valley Community Services District - 28  
Peardale Chicago Park Fire Protection District - 1  
Pebble Beach Community Services District - 11  
Peninsula Fire Protection District - 12  
Penn Valley Fire Protection District - 22  
Personal Assistance Services Council - 26  
Pico Water District - 13  
Pine Cove Water District - 5  
Pinedale County Water District - 8  
Pioneer Cemetery District - 4  
Pixley Irrigation District - 9  
Placer Consolidated Fire Protection District - 32  
Placer County Cemetery District No. 1 - 4  
Placer County Resource Conservation District - 2  
Placer County Transportation Commission - 11  
Placer County Water Agency - 182  
Placer Hills Fire Protection District - 16  
Placer Mosquito Abatement District - 12  
Plain View Water District - 2  
Planning and Service Area II Area Agency on Aging - 7  
Pleasant Hill-Martinez Joint Facilities Agency - 166  
Pleasant Hill Recreation and Park District - 57  
Pleasant Valley County Water District - 6  
Pleasant Valley Recreation and Park District - 90  
Plumas Local Agency Formation Commission - 0  
Point Montara Fire Protection District - 0  
Pomerado Cemetery District - 6  
Pomona Valley Transportation Authority - 3  
Pomona, California State Polytechnic University,  
Associated Students, Inc. - 52  
Port San Luis Harbor District - 31  
Porter Vista Public Utility District - 2  
Porterville Irrigation District - 5  
Porterville Public Cemetery District - 10  
Provident Central Credit Union - 1  
Public Agency Risk Sharing Authority of California - 4  
Public Entity Risk Management Authority - 9  
Public Transportation Services Corporation - 2,197  
Pupil Transportation Cooperative - 170  
Purissima Hills County Water District - 9  
Quartz Hill Water District - 23  
Quincy Community Services District - 13  
Rag Gulch Water District - 8  
Rainbow Municipal Water District - 60  
Ramona Municipal Water District - 75  
Rancho Adobe Fire Protection District - 18  
Rancho California Water District - 136  
Rancho Cucamonga Fire Protection District - 90  
Rancho Murieta Community Services District - 52  
Rancho Santa Fe Fire Protection District - 75  
Rancho Santiago Community College, Associated Students - 3  
Rancho Simi Recreation and Park District - 198  
Reclamation District No. 3 - 3

# CalPERS Public Agency Employers (continued)

## Districts & Other Public Agencies

---

Reclamation District No. 833 - 3  
Reclamation District No. 999 - 4  
Reclamation District No. 1000 - 11  
Reclamation District No. 1001 - 13  
Reclamation District No. 1660 - 0  
Red Bluff Cemetery District - 4  
Redevelopment Agency of City of Fresno - 12  
Redwood Coast Regional Center - 125  
Redwood Empire Municipal Insurance Fund - 15  
Redwood Empire School Insurance Group - 25  
Reedley Cemetery District - 6  
Regional Center of Orange County - 387  
Regional Center of the East Bay - 403  
Regional Council of Rural Counties - 71  
Regional Water Authority - 3  
Rescue Fire Protection District - 6  
Resort Improvement District No. 1 - 19  
Richardson Bay Sanitary District - 6  
Rincon Del Diablo Municipal Water District - 24  
Rincon Valley Fire Protection District - 32  
Rio Alto Water District - 8  
Rio Linda Elverta Community Water District - 16  
Rio Vista Cemetery District - 3  
Riverbank City Housing Authority - 2  
Riverside County Air Pollution Control District - 0  
Riverside County Citrus Pest Control District No. 2 - 3  
Riverside County Flood Control and Water Conservation District - 250  
Riverside County Law Library - 9  
Riverside County Regional Park and Open Space District - 113  
Riverside County Transportation Commission - 46  
Riverside County Waste Resources Management District - 114  
Riverside Transit Agency - 533  
Riverview Water District - 13  
Rockville Cemetery District - 5  
Rosamond Community Services District - 12  
Rose Bowl Operating Company - 28  
Rosedale-Rio Bravo Water Storage District - 4  
Roseville Public Cemetery District - 10  
Ross Valley Fire Service - 30  
Rowland Water District - 22  
Rubidoux Community Services District - 21  
Running Springs Water District - 44  
Russian River Fire Protection District - 18  
Sacramento Area Council of Governments - 67  
Sacramento City Housing Authority - 389  
Sacramento County Public Law Library - 23  
Sacramento Metropolitan Air Quality Management District - 107  
Sacramento Metropolitan Cable Television Commission - 15  
Sacramento Metropolitan Fire District - 764  
Sacramento Municipal Utility District - 2,731  
Sacramento Public Library Authority - 357  
Sacramento Regional Fire/EMS Communications Center - 87  
Sacramento Suburban Water District - 52  
Sacramento Transportation Authority - 4  
Sacramento-Yolo Mosquito and Vector Control District - 82  
Salida Fire Protection District - 10  
Salinas Rural Fire District - 28  
Salinas Valley Solid Waste Authority - 17  
Salton Community Services District - 24  
Samoa Peninsula Fire Protection District - 0  
San Andreas Regional Center, Inc. - 294  
San Andreas Sanitary District - 5  
San Benito County Water District - 38  
San Bernardino County Housing Authority - 148  
San Bernardino County Transportation Authority - 0  
San Bernardino Economic Development Agency - 28  
San Bernardino Valley Municipal Water District - 27  
San Bernardino Valley Water Conservation District - 11  
San Bernardino, California State University, Foundation - 240  
San Bernardino, California State University, Student Union - 14  
San Diego Association of Governments - 184  
San Diego County Law Library - 61  
San Diego County Water Authority - 327  
San Diego Metropolitan Transit Development Board - 101  
San Diego Pooled Insurance Program Authority - 2  
San Diego Rural Fire Protection District - 30  
San Diego State University, Associated Students - 30  
San Diego Trolley, Inc. - 655  
San Diego Unified School District - 8,756  
San Dieguito Water District - 21  
San Elijo Joint Powers Authority - 20  
San Francisco Bay Area Rapid Transit District - 3,649  
San Francisco City and County Housing Authority - 379  
San Francisco City and County Redevelopment Agency - 174  
San Francisco Community College District Bookstore Auxiliary - 18  
San Francisco County Law Library - 14  
San Francisco County Transportation Authority - 37  
San Francisco Health Authority - 134  
San Francisquito Creek Joint Powers Authority - 3  
San Gabriel County Water District - 20  
San Gabriel Valley Council of Governments - 11  
San Gabriel Valley Mosquito and Vector Control District - 31  
San Gabriel Valley Municipal Water District - 10  
San Geronimo Pass Water Agency - 3  
San Jacinto Valley Cemetery District - 10  
San Joaquin County Housing Authority - 115  
San Joaquin County IHSS Public Authority - 7  
San Joaquin Delta Community College District - 525  
San Joaquin, Health Plan of - 122  
San Juan Water District - 46  
San Lorenzo Valley Water District - 32  
San Luis Obispo, Cal Poly, Associated Students, Inc. - 110  
San Luis Obispo, Cal Poly, Foundation - 422  
San Luis Obispo Council of Governments - 15  
San Luis Obispo Regional Transit Authority - 10  
San Luis Water District - 21  
San Mateo County Harbor District - 53  
San Mateo County In-Home Supportive Services Public Authority - 6  
San Mateo County Law Library - 4  
San Mateo County Schools Insurance Group - 13  
San Mateo County Transit District - 921  
San Mateo Local Agency Formation Commission - 2  
San Miguel Community Services District - 6  
San Miguel Consolidated Fire Protection District - 102  
San Pablo City Housing Authority - 4  
San Simeon Community Services District - 1

# CalPERS Public Agency Employers (continued)

## Districts & Other Public Agencies

---

Sanger Cemetery District - 6  
Sanitary District No. 5 of Marin County - 8  
Santa Ana River Flood Protection Agency - 0  
Santa Ana Unified School District - 2,437  
Santa Ana Watershed Project Authority - 27  
Santa Barbara County Law Library - 3  
Santa Barbara County Special Education Local Plan Area - 228  
Santa Barbara Regional Health Authority - 176  
Santa Clara County Central Fire Protection District - 277  
Santa Clara County Health Authority - 147  
Santa Clara County Law Library - 8  
Santa Clara County Open Space Authority - 5  
Santa Clara County Schools Insurance Group - 6  
Santa Clara County Traffic Authority - 2  
Santa Clara Valley Transportation Authority - 909  
Santa Clara Valley Water District - 994  
Santa Clarita Valley School Food Services Agency - 124  
Santa Cruz Consolidated Emergency Communications Center - 81  
Santa Cruz County Law Library - 3  
Santa Cruz Local Agency Formation Commission - 1  
Santa Cruz Metropolitan Transit District - 389  
Santa Fe Irrigation District - 51  
Santa Margarita Water District - 167  
Santa Maria Public Airport District - 14  
Santa Monica Community College District - 605  
Santa Nella County Water District - 6  
Santa Paula City Housing Authority - 9  
Santa Rosa Community Services District - 5  
Santa Ynez River Water Conservation District, Improvement District No. 1 - 19  
Saratoga Fire Protection District - 31  
Sausalito-Marín City Sanitary District - 7  
School Risk and Insurance Management Group - 8  
Schools Excess Liability Fund - 9  
Schools Insurance Authority - 77  
Scotts Valley Fire Protection District - 30  
Scotts Valley Water District - 17  
Selma Cemetery District - 6  
Selma-Kingsburg-Fowler County Sanitation District - 35  
Serrano Water District - 13  
Sewer Authority Mid-Coastside - 19  
Sewerage Commission - Oroville Region - 9  
Shafter Wasco Irrigation District - 9  
Shasta Area Safety Communications Agency - 71  
Shasta Community Services District - 6  
Shasta Lake Fire Protection District - 12  
Shasta Mosquito and Vector Control District - 14  
Shasta Valley Cemetery District - 3  
Shiloh Public Cemetery District - 5  
Sierra Lakes County Water District - 7  
Sierra-Sacramento Valley Emergency Medical Services Agency - 11  
Silicon Valley Animal Control Authority - 11  
Silveyville Cemetery District - 5  
Solano County Mosquito Abatement District - 9  
Solano County Water Agency - 10  
Solano Irrigation District - 115  
Solano Transportation Authority - 18  
Soledad Community Health Care District - 0  
Sonoma County Library - 167  
Sonoma State Enterprises, Inc. - 15  
Sonoma Student Union Corporation - 12  
Soquel Creek Water District - 46  
South Bay Regional Public Communications Authority - 93  
South Bayside System Authority - 73  
South Central Los Angeles Regional Center for Developmentally Disabled Persons - 298  
South Coast Area Transit - 195  
South Coast Water District - 91  
South County Fire Protection Authority - 56  
South East Regional Reclamation Authority - 0  
South Kern Cemetery District - 2  
South Lake County Fire Protection District - 3  
South Orange County Wastewater Authority - 84  
South Placer Fire District - 52  
South Placer Municipal Utility District - 22  
South San Joaquin Irrigation District - 88  
South San Luis Obispo County Sanitation District - 13  
South Tahoe Public Utility District - 110  
Southeast Area Social Services Funding Authority - 74  
Southern California Association of Governments - 199  
Southern California Public Power Authority - 9  
Southern California Regional Rail Authority - 225  
Southern San Joaquin Municipal Utility District - 15  
Southwest Transportation Agency - 101  
Special District Risk Management Authority - 17  
Squaw Valley Public Service District - 26  
Stallion Springs Community Services District - 16  
Stanislaus Consolidated Fire Protection District - 55  
Stanislaus County Housing Authority - 108  
State Bar of California - 826  
State Water Contractors - 4  
Stege Sanitary District - 15  
Stinson Beach County Water District - 13  
Stockton East Water District - 34  
Stockton Unified School District - 1,522  
Strawberry Recreation District - 13  
Suisun Fire Protection District - 2  
Suisun Resource Conservation District - 8  
Suisun-Fairfield Cemetery District - 3  
Summit Cemetery District - 11  
Sunnyslope County Water District - 13  
Susanville Consolidated Sanitary District - 10  
Sutter Cemetery District - 15  
Sweetwater Authority - 165  
Sweetwater Springs Water District - 13  
Sylvan Cemetery District - 5  
Tahoe City Public Utility District - 64  
Tahoe Transportation District - 0  
Tahoe-Truckee Sanitation Agency - 68  
Tehachapi-Cummings County Water District - 20  
Tehachapi Valley Recreation and Park District - 8  
Tehama County Mosquito Abatement District - 4  
Templeton Community Services District - 18  
Thermalito Irrigation District - 10  
Three Arch Bay Community Services District - 1  
Three Valleys Municipal Water District - 26

# CalPERS Public Agency Employers (continued)

## Districts & Other Public Agencies

---

Tiburon Fire Protection District - 25	Walnut Valley Water District - 66
Torrance City Redevelopment Agency - 0	Walton Fire Protection District - 1
Trabuco Canyon Water District - 43	Wasco Recreation and Park District - 7
Tracy Rural County Fire Protection District - 2	Washington Colony Cemetery District - 4
Transportation Agency for Monterey County - 14	Water Facilities Authority - 9
Treasure Island Development Authority - 1	Water Replenishment District of Southern California - 47
Tri-City Mental Health Center - 302	Weaverville Community Services District - 7
Tri-Counties Association for the Developmentally Disabled - 369	Weaverville Fire Protection District - 0
Tri-County Schools Insurance Group - 8	Weaverville Sanitary District - 3
Tri-Dam Housing and Personnel Agency - 21	West Almanor Community Services District - 2
Trinity Public Utilities District - 24	West Basin Municipal Water District - 1
Trinity County Waterworks District No. 1 - 5	West Bay Sanitary District - 31
Truckee Donner Public Utility District - 68	West Cities Communication Center - 23
Truckee Fire Protection District - 33	West County Transportation Agency - 133
Truckee Sanitary District - 42	West County Wastewater District - 63
Truckee Tahoe Airport District - 39	West End Communications Authority - 2
Tulare Mosquito Abatement District - 5	West Kern Water District - 41
Tulare Public Cemetery District - 9	West Stanislaus Irrigation District - 17
Tuolumne Utilities District - 76	West Valley Sanitation District of Santa Clara County - 31
Turlock Mosquito Abatement District - 15	West Valley Water District - 58
Twentynine Palms Water District - 39	West Valley-Mission Community College District - 451
Twin Cities Police Authority - 55	Westborough Water District - 7
Ukiah Valley Fire District - 10	Western Municipal Water District - 113
Union Public Utility District - 10	Western Riverside Council of Governments - 29
Union Sanitary District - 149	Westlands Water District - 135
United Water Conservation District - 69	Westwood Community Services District - 8
Upland City Housing Authority - 31	Wheeler Ridge-Maricopa Water Storage District - 47
Upper Lake Fire Protection District - 1	Wildomar Cemetery District - 4
Upper San Gabriel Valley Municipal Water District - 8	Willow Creek Community Services District - 7
Vacaville Fire Protection District - 7	Willows Cemetery District - 4
Vacaville-Elmira Cemetery District - 11	Wilton Fire Protection District - 2
Vallecitos Water District - 105	Windsor Fire Protection District - 13
Vallejo Sanitation and Flood Control District - 94	Winterhaven Water District - 3
Valley Center Municipal Water District - 82	Winters Cemetery District - 2
Valley County Water District - 25	Winters Fire Protection District - 8
Valley Mountain Regional Center, Inc. - 403	Winton Water and Sanitary District - 8
Valley Sanitary District - 20	Woodbridge Rural County Fire Protection District - 40
Valley Springs Public Utility District - 3	Woodlake Fire District - 2
Valley of the Moon Water District - 22	Woodside Fire Protection District - 52
Valley-Wide Recreation and Park District - 109	Yolo County Communications Emergency Services Agency - 55
Vandenberg Village Community Services District - 13	Yolo County Federal Credit Union - 103
Ventura County Law Library - 6	Yolo County Housing Authority - 53
Ventura County Schools Business Services Authority - 12	Yolo County In-Home Supportive Services Public Authority - 5
Ventura County Schools Self-Funding Authority - 5	Yolo County Public Agency Risk Management Insurance Authority - 7
Ventura County Transportation Commission - 23	Yolo County Transportation District - 11
Ventura Port District - 43	Yolo-Solano Air Quality Management District - 27
Ventura River County Water District - 6	Yorba Linda Water District - 74
Veterans Home of California Post Fund - 28	Yuba County Water Agency - 33
Victor Valley Wastewater Reclamation Authority - 44	Yuba Sutter Transit Authority - 3
Victor Valley Water District - 72	Yucaipa Valley Water District - 76
Visalia Public Cemetery District - 10	Yuima Municipal Water District - 10
Vista Irrigation District - 114	

---

**Total Districts and Other Public Agencies - 980**

# Judges' Retirement System Program Data

## Primary Benefits

The Judges' Retirement System (JRS) was established in 1937. The operational activities of the JRS were transferred from the State Controller's Office to CalPERS in 1979. Benefits payable through the JRS are financed by the General Fund, the payroll contributions of members, and the State's contribution as an employer. Both employer and members contribute at the rate of 8 percent of compensation.

## Membership

The Judges' Retirement System provides retirement, death, health, and dental benefits for Supreme and Appellate Court Justices, Superior Court Judges, and beneficiaries.

## Service Retirement

### Retirement Age

Members must be at least age 60 with 20 years of service, or age 70 with at least 10 years of service.

### Retirement Benefit Formula

The retirement allowance is a percentage of the current salary of the last judicial office held and is increased proportionally with active judicial salaries. The allowance is based on a member's age and years of service as follows:

Age	Years of Service	Retirement Allowance
60–70	20	75%
66	18	65%
67	16	65%
68	14	65%
69	12	65%
70	10	65%

Judges can work as long as they want and receive their full pension of either 65 percent or 75 percent (depending on credited service). In addition, a surviving spouse benefit of at least one-half of the judge's allowance is provided.

## Deferred Retirement

Judges are eligible for deferred retirement at any age if they have at least five years of service. However, judges are not paid the allowance until they reach the age they would be eligible for normal retirement if they had remained in office. A judge must be at least age 63, or age 60 with 20 years of service, to receive a retirement allowance. The allowance is based on years of service multiplied by a percentage of the judge's final salary — varying from 2 percent for five years to 3.75 percent for 12 or more years of service. The maximum benefit they can receive is 75 percent of salary.

## Disability Retirement (Non-Work Related)

Judges must apply to the Commission on Judicial Performance to receive a disability retirement. There is no age requirement.

The service requirement is four years. The retirement allowance is 65 percent of the judge's final salary, or 75 percent of their final salary if the judge has 20 or more years of service.

## Judges' Retirement System Program Data (continued)

### Disability Retirement (Work Related)

Judges receive the same amount as those for a non-work related disability. Any person becoming a judge between January 1, 1980 and December 31, 1988, must have at least two years of judicial service; or after January 1, 1989, must have four years of judicial service, unless the disability is a result of injury or disease arising out of and in the course of judicial service.

### Death Benefits (Before Retirement)

#### Not Eligible to Retire

Spouses can receive 25 percent of current active judges' salary for life or return of contributions plus one month's salary, for each year of service not to exceed six months; or the surviving spouse can elect a monthly allowance for life or until remarriage, if the judge had paid an extra \$2 per month and had 10 to 20 years of service. This allowance would be equal to 1.625 percent of the salary multiplied by the number of years of service.

#### Eligible to Retire

Spouses receive one-half of what the retirement allowance would have been if the judge had retired on date of death, or at any time while in office, a judge can elect to have their eligible surviving spouse or designated beneficiary receive an optional settlement benefit in the event of the judge's pre-retirement death.

### Death Benefits (After Retirement)

Spouses receive one-half of the retirement pension for life, if the member retired with the standard retirement benefit formula, or on disability.

Judges may elect to take a reduced retirement allowance in order to enhance the survivor benefits to their spouse or a designated beneficiary.

### Cost-Of-Living Adjustments (COLA)

The allowance increases are based on the current salary of an active judge. Retirees receive the same increase as active judges.

### Membership & Retirement Data Three-Year Review

	2005	2004	2003
<b>Active Judges &amp; Former Judges on Deferred Retirement</b>	917	983	1,039
<b>Total Active &amp; Deferred Members</b>	<b>917</b>	<b>983</b>	<b>1,039</b>
<b>Retired Members &amp; Death Benefit Allowances</b>			
Service Retirement	612	610	609
Disability Retirement	48	48	51
Deferred Retirement	673	672	667
Optional Settlement	196	154	120
Pre-Retirement Survivor	77	74	76
<b>Total Allowances</b>	<b>1,606</b>	<b>1,558</b>	<b>1,523</b>

### Active Members & Former Judges on Deferred Retirement

Active	894
Deferred Retirement	89
<b>Total Active &amp; Deferred Members</b>	<b>983</b>

### Benefit Recipients by Retirement Type

Category	Retired Judges	Survivors & Beneficiaries	Total
Service Retirement	316	296	612
Disability Retirement	48	—	48
Deferred Retirement	521	152	673
Optional Settlement	167	29	196
Pre-Retirement Survivor	3	74	77
<b>Total</b>	<b>1,055</b>	<b>551</b>	<b>1,606</b>

### Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$100,831,112
Disability Retirement	4,786,504
Beneficiary Death Benefits/Life Allowance	20,991,171
<b>Total</b>	<b>\$126,608,787</b>

# Judges' Retirement System II Program Data

## Primary Benefits

The Judges' Retirement System II (JRS II) was established in 1994 to create a fully funded, actuarially-sound retirement system for judges appointed or elected on or after November 9, 1994. This system provides a unique combination of two basic types of retirement benefits: a defined benefit plan and a monetary credit plan. The defined benefit plan provides a lifetime monthly retirement allowance of up to 75 percent of final compensation. The monetary credit plan allows for a refund of member contributions, a portion of the employer contributions, and interest. Members contribute at the rate of 8 percent of compensation.

## Membership

The JRS II provides retirement, death, health, and dental benefits for Supreme, Appellate Court Justices, and Superior Court Judges, first appointed or elected after November 9, 1994, and their beneficiaries.

## Service Retirement

### *Retirement Age*

Judges must be at least age 65 with 20 years of service or age 70 with a minimum of five years of service to receive the defined benefit plan. Judges must have at least five years of service to receive the monetary credit plan.

## Retirement Formula

### Defined Benefit Plan

This option provides a "defined benefit" of 3.75 percent of the highest 12-month average salary per year of service, up to 75 percent for judges reaching age 65 with at least 20 years of service. Optional settlements are available which reduce a judge's retirement allowance to provide a lifetime benefit for a surviving spouse upon death of the judge.

## Monetary Credit Plan

This option provides a cash payment in a single lump sum, or the member may elect to receive an annuity at retirement based on the accumulated contributions of the employee and the employer. To receive the annuity a judge must meet the minimum qualifications required under the defined benefit plan. Lifetime benefits are not provided under this plan.

## Disability Retirement (Non-Work Related)

Judges who have five years of service and become permanently disabled because of a mental or physical disability may apply to the Commission on Judicial Performance for disability retirement.

An allowance is based on the judge's age and will be the amount equal to the lower of the following:

- the monthly benefit of 3.75 percent of the final compensation multiplied by the number of years of service the judge would have been credited had the judge continued to work until the age the judge would have first been eligible to retire, or
- 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date.

## Disability Retirement (Work Related)

Judges receive 65 percent of the judge's average monthly salary during the 12 months preceding the retirement date, regardless of age or length of service.

## Judges' Retirement System II Program Data (continued)

### Death Benefits (Before Retirement)

#### Eligible for the Defined Benefit Plan

Spouses receive either the monthly retirement allowance equal to one-half of the judge's "defined benefit" plan allowance or the judge's monetary credits. At any time while in office, a judge may make an irrevocable election for their eligible surviving spouse to receive the maximum survivor benefit (Option 2) in the event of the judge's pre-retirement death.

#### Eligible for the Monetary Credit Plan

Spouses receive the judge's monetary credits or three times the annual salary at the time of death, whichever is greater.

### Death Benefits (After Retirement)

#### Defined Benefit Plan

Judges retiring on the defined benefit plan are offered the choice of one of four optional settlement benefits to increase the survivor benefits to their eligible surviving spouse.

#### Monetary Credit Plan

If the judge elected to receive the monetary credit plan in a lump sum, there are no survivor benefits. If the judge elected monetary credit plan in an annuity, the spouse receives a lump sum payment of the remaining funds at the time of the judge's death.

### Cost-Of-Living Adjustments (COLA)

The retirement allowance of retired judges who have elected the Defined Benefit Plan will be adjusted every January after the judge has been retired six months. The adjustment is based on the United States city average of the "Consumer Price Index For All Urban Consumers," as published by the United States Bureau of Statistics. This adjustment will not be less than 1 percent or more than 3 percent.

### Membership & Retirement Data Three-Year Review

	2005	2004	2003
<b>Active Judges</b>	748	690	624
<b>Total Members</b>	<b>748</b>	<b>690</b>	<b>624</b>
<b>Retired Members &amp; Death Benefit Allowances</b>			
Service Retirement	1	2	—
Disability Retirement	1	—	—
Optional Settlement	—	—	—
Pre-Retirement Survivor	7	4	3
<b>Total Allowances</b>	<b>9</b>	<b>6</b>	<b>3</b>

#### Active Judges

Active	748
<b>Total Members</b>	<b>748</b>

### Benefit Recipients by Retirement Type

Category	Retired Judges	Survivors & Beneficiaries	Total
Service Retirement	1	—	1
Disability Retirement	1	—	1
Optional Settlement	—	—	—
Pre-Retirement Survivor	N/A	7	7
<b>Total</b>	<b>2</b>	<b>7</b>	<b>9</b>

### Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$26,131
Disability Retirement	60,461
Beneficiary Death Benefits	817,049
Beneficiary Death Benefits/Life Allowance	—
<b>Total</b>	<b>\$903,641</b>

# Legislators' Retirement System Program Data

## Primary Benefits

CalPERS has administered the Legislators' Retirement System (LRS) since its inception in 1947. The duties of the Board with respect to administering the LRS are the same as for CalPERS on such items as determining membership and benefit rights, making investments, crediting interest, and obtaining information necessary for administration.

Benefits payable by the LRS are financed through member contributions, the State's contribution as an employer, and interest earned on investments. The employer statutory contribution rate was eliminated in January 2000, and the CalPERS Board is now authorized to establish actuarially determined rates.

When the actuarial value of the assets exceeds the present value of benefits, resulting in a 0 percent employer contribution rate, the Board may reduce the member contribution rates for the same fiscal year in which the State rate is 0 percent. For fiscal year 2004-05, the Board has determined that both the employer rate and the member rate will be 0 percent. Interest credited to the member's accounts is the net earnings rate of investments.

## Proposition 140

Proposition 140, the Political Reform Act of 1990, requires that Legislators (Senators and Members of the Assembly) first elected after November 7, 1990 participate in the federal Social Security program and in no other retirement system.

## Membership

Members of the Legislature serving prior to November 7, 1990, elected Constitutional Officers, and Legislative Statutory Officers are eligible for benefits.

## Service Retirement

### Retirement Age

The retirement age is 60, with four or more years of service credit, or any age with 20 or more years. The retirement age for Legislative Statutory Officers is 55, or any age with 20 years or more of service credit.

### Members of the Legislature Benefit Formula

The retirement formula consists of three separate formulas that are totaled together to provide the members with their allowance. The first part of the formula consists of 5 percent of the first \$500 of salary up to 15 years of service. The second part is 3 percent per year of the same \$500 of salary for years in excess of 15 years. And finally, total years of service is multiplied by 3 percent per year of their salary above \$500. In no case may a member receive more than two-thirds of their salary.

### Constitutional Officers' Benefit Formula

Five percent per year of service up to eight years (40 percent) of their highest salary. If the member has 24 or more years of service, the retirement allowance is 60 percent of their final salary.

### Statutory Officers' Benefit Formula

Statutory Officers receive 3 percent per year of service, not to exceed 66 percent of final monthly compensation.

### Early Retirement Options for Members of the Legislature & Constitutional Officers

Legislators and Constitutional Officers may retire before age 60 with 15 years of service. However, their retirement allowance is reduced by 2 percent for each year they retire before age 60.

## Legislators' Retirement System Program Data (continued)

### Disability Retirement

Disability retirement uses the same formula as service retirement. There is no reduction if retirement is before age 60 for members of the Legislature.

### Death Benefits (Before Retirement)

#### Not Eligible to Retire

One month's salary for each year of service, plus the return of the member's contributions with interest payable to a survivor.

#### Eligible to Retire

If the member has elected one of the optional settlements, their beneficiary will receive the benefit provided by the option selected, calculated as if the date of death had been the date of retirement. In lieu of this benefit, the beneficiary may elect an allowance of one-half the unmodified retirement allowance, payable until death or remarriage.

### Death Benefits While in Office

Beneficiaries receive a lump sum benefit in an amount equal to the annual compensation of an LRS member during the 12 months preceding the member's death, regardless of whether the member was eligible to retire.

### Death Benefits (After Retirement)

Members choose between one of four options. The level of survivor benefit is based on the option chosen, without a reduction in allowance for members of the Legislature, Constitutional Officers, and Statutory Officers receive a reduced allowance based on their age at time of retirement and the option they choose. Beneficiaries also receive a \$600 lump sum payment.

### Cost-Of-Living Adjustments (COLA)

The annual COLA is determined by the Consumer Price Index.

## Legislators' Retirement System Program Data (continued)

### Membership & Retirement Data Three-Year Review

	2005	2004	2003
<b>Active &amp; Inactive Members</b>			
Members of the Legislature	28	35	38
Constitutional Officers	15	18	18
Legislative Statutory Officers	4	4	4
<b>Total Members</b>	<b>47</b>	<b>57</b>	<b>60</b>
<b>Retired Members &amp; Death Benefit Allowances</b>			
<b>Members of the Legislature</b>			
Service	228	221	219
Disability	6	7	7
Pre-Retirement Option 2	—	—	2
<b>Total Members of the Legislature</b>	<b>234</b>	<b>228</b>	<b>228</b>
<b>Constitutional Officers</b>			
Service	23	25	26
Disability	1	1	1
Pre-Retirement Option 2	2	2	2
<b>Total Constitutional Officers</b>	<b>26</b>	<b>28</b>	<b>29</b>
<b>Legislative Statutory Officers</b>			
Service	6	6	7
Disability	—	—	—
Pre-Retirement Option 2	—	—	—
<b>Total Legislative Statutory Officers</b>	<b>6</b>	<b>6</b>	<b>7</b>
<b>Total Allowances</b>	<b>266</b>	<b>262</b>	<b>264</b>

## Legislators' Retirement System Program Data (continued)

### Active & Inactive Members

Category	Active	Inactive	Total
Members of the Legislature	4	24	28
Constitutional Officers	6	9	15
Legislative Statutory Officers	4	—	4
<b>Total Members</b>	<b>14</b>	<b>33</b>	<b>47</b>

### Benefit Payments by Type

Category	Amount Paid
Service Retirement	\$7,430,880
Disability Retirement	203,444
Beneficiary Death Benefits	1,800
Beneficiary Death Benefits/Allowance	155,945
<b>Total</b>	<b>\$7,791,569</b>

### Benefit Recipients by Type

Category	Retired Members	Survivors & Beneficiaries	Total
<b>Members of the Legislature</b>			
Service Retirement	129	99	228
Disability Retirement	3	3	6
Pre-Retirement Option 2	—	—	—
<b>Total Members of the Legislature</b>	<b>132</b>	<b>102</b>	<b>234</b>
<b>Constitutional Officers</b>			
Service Retirement	20	3	23
Disability Retirement	1	—	1
Pre-Retirement Option 2	—	2	2
<b>Total Constitutional Officers</b>	<b>21</b>	<b>5</b>	<b>26</b>
<b>Legislative Statutory Officers</b>			
Service Retirement	3	3	6
Disability Retirement	—	—	—
Pre-Retirement Option 2	—	—	—
<b>Total Legislative Statutory Officers</b>	<b>3</b>	<b>3</b>	<b>6</b>
<b>Total</b>	<b>156</b>	<b>110</b>	<b>266</b>

# Volunteer Firefighters' Length of Service Award System Program Data

## Primary Benefits

The Volunteer Firefighters' Length of Service Award System, administered through CalPERS, was established in 1980 as a way for fire departments to offer their volunteers monetary acknowledgment for their service. A fire department contracts with CalPERS to handle the administration of length of service benefits to its volunteers who follow the program guidelines. All costs for the program are paid for by department contributions. There are no contributions from volunteers. An actuarial valuation is conducted at the start of the contract to determine the contributions required.

## Service Awards

A volunteer member with 20 or more years of service credit can receive \$1,200 annually for life (paid in monthly installments). The minimum award a volunteer can receive is \$600 annually for life for 10 years of service. A \$3,000 lump sum death benefit is payable to the named beneficiary of any member of the System with 10 or more years of service. It is also payable to the named beneficiary of an award recipient. The death does not have to be the result of an in-the-line-of-duty accident.

## Membership Data Three-Year Review

	2005	2004	2003
Active/Inactive Firefighters	3,549	3,553	3,483
Firefighters Receiving Awards	117	80	70
<b>Total Members</b>	<b>3,666</b>	<b>3,633</b>	<b>3,553</b>

## Active & Inactive Members

Active/Inactive Firefighters	3,549
Firefighters Receiving Awards	117
<b>Total Members</b>	<b>3,666</b>

## Benefit Payments by Type

Category	Amount Paid
<b>Award Payments</b>	<b>\$82,265</b>

# Volunteer Firefighters' Length of Service Award System Program Data (continued)

## Participating Agencies

---

American Canyon Fire Protection District	North Central Fire Protection District
Bethel Island Fire Protection District	Olancha-Cartago Fire Department
Boulder Creek Fire Department	Orange County Fire Department
Cambria Fire Department	Palomar Mountain Volunteer Fire Department
Ceres Department of Public Safety	Placerville Fire Department, City of
Chico Fire Department	Pleasant Valley Fire Protection District
Clearlake Oaks Fire Protection District	Pollock Pines/Camino Volunteer Fire Association
Coalinga Fire Department	Red Bluff Fire Department, City of
Coloma-Lotus Volunteer Fire Association	Ross Valley Fire Protection District
Columbia Fire Protection District	Sacramento Metropolitan Fire District
Corcoran Volunteer Fire Department	Samoa Peninsula Fire Protection District
Cresten Volunteer Fire Department	San Mateo County Fire Department
Diamond Springs Fire Department	San Ramon Valley Fire Protection District
El Dorado County Fire Protection District	Scott Valley Fire Protection District
Fairfield Volunteer Fire Department	Sebastopol Fire Protection District
Foothill Volunteer Fire Department	Shasta County Fire Department
Fort Dick Fire Protection District	Shasta Lake Fire Protection District
Georgetown Volunteer Fire Department	Shingle Springs Fire Department
Gonzales Volunteer Fire Department	Sierra Madre Fire Department
Grass Valley Fire Department	South Placer Fire Protection District
Hammond Ranch Fire Company	St. Helena Volunteer Fire Department
Humboldt No. 1 Fire Department District	Susan River Fire Protection District
Idyllwild Fire Protection District	Sutter Creek Fire Protection District
Julian Cuyamaca Fire Protection District	Templeton Community Service District - Fire Department
Kentfield Fire Protection District	Town of Paradise Fire Department
Lakeshore Fire Protection District	Truckee Fire Protection District
Latrobe Fire Protection District	Valley of the Moon Fire Protection District
Long Valley Fire Protection District	Willow Creek Volunteer Fire Department
Los Banos Fire Department, City of	Willows Fire Department
Marysville Fire Department	Woodland Fire Department
Mt. Laguna Volunteer Fire Department	

---

**Total - 61**

## Other Programs

# Health Benefits Program

## Enrollments by Health Plan

	Basic			Supplemental			Total Enrollments
	Active	Retired	Total	Active	Retired	Total	
Blue Shield California	132,604	18,447	151,051	3	14,045	14,048	165,099
CAHP	5,906	2,081	7,987	0	1,750	1,750	9,737
CCPOA	6,386	561	6,947	0	114	114	7,061
Kaiser California	130,652	25,002	155,654	9	34,411	34,420	190,074
Kaiser/Out-of-State	24	571	595	0	776	776	1,371
PERS Choice	68,612	20,822	89,434	5	16,320	16,325	105,759
PERSCare	9,262	5,533	14,795	9	39,320	39,329	54,124
PORAC	3,275	1,237	4,512	0	387	387	4,899
Western Health Advantage	6,151	394	6,545	0	244	244	6,789
<b>Total</b>	<b>362,872</b>	<b>74,648</b>	<b>437,520</b>	<b>26</b>	<b>107,367</b>	<b>107,393</b>	<b>544,913</b>

## Five-Year Enrollments

	2005	2004	2003	2002	2001
Total Covered Lives — Employees, Annuitants, & Dependents	1,190,212	1,200,668	1,240,595	1,249,175	1,204,860
Total Prime Lives — Employees & Annuitants	544,913	544,770	559,459	560,668	536,208

## Basic & Supplemental Health Plan Enrollments

Plan Type	Basic			Supplemental			Total Enrollments
	Active	Retired	Total	Active	Retired	Total	
PPO	77,874	26,355	104,229	14	55,640	5,5654	159,883
HMO	269,431	44,414	313,845	12	49,476	49,488	363,333
Association	15,567	3,879	19,446	0	2,251	2,251	21,697
<b>Total</b>	<b>362,872</b>	<b>74,648</b>	<b>437,520</b>	<b>26</b>	<b>107,367</b>	<b>107,393</b>	<b>544,913</b>

## Health Benefits Program (continued)

### Participating Public Agency Summary

	2005	2004
Counties	29	29
Cities	302	304
Districts & Other Public Agencies	696	695
School Districts	115	114
<b>Total</b>	<b>1,142</b>	<b>1,142</b>

### Participating Public Agencies by Type

Total number of CalPERS Health Benefit Program members for each agency follows its name.

#### Counties

Amador - 104	Placer - 3,170
Butte - 2,252	Plumas - 125
Colusa - 388	Riverside - 993
Contra Costa - 1,216	San Benito - 244
Glenn - 545	San Luis Obispo - 2,614
Humboldt - 1,836	Santa Cruz - 2,832
Inyo - 566	Shasta - 1,712
Lake - 930	Siskiyou - 750
Lassen - 424	Solano - 1,843
Madera - 1,366	Trinity - 622
Mariposa - 515	Tuolumne - 750
Modoc - 150	Yolo - 1,813
Mono - 389	Yuba - 911
Monterey - 4,453	<b>Total - 29</b>
Napa - 929	
Nevada - 1,316	

#### Cities

Agoura Hills - 48	Baldwin Park - 265
Alameda - 882	Barstow - 226
Albany - 107	Bell - 152
Alhambra - 451	Bellflower - 120
Aliso Viejo - 10	Belmont - 160
American Canyon - 64	Belvedere - 28
Angels - 43	Beverly Hills - 1,020
Antioch - 423	Biggs - 11
Arcadia - 380	Bishop - 82
Arroyo Grande - 133	Blythe - 141
Artesia - 57	Brawley - 174
Atherton - 59	Brea - 461
Atwater - 124	Brentwood - 292
Auburn - 99	Brisbane - 101
Avalon - 74	Buellton - 17
Avenal - 3	Buena Park - 513
Azusa - 264	Burbank - 1,193

#### Cities

Burlingame - 492	Farmersville - 34
Calabasas - 102	Firebaugh - 45
California City - 60	Fort Jones - 3
Calimesa - 1	Foster City-Elected Officials - 0
Calistoga - 59	Fountain Valley - 368
Camarillo - 140	Fremont - 874
Campbell - 186	Fullerton - 125
Canyon Lake - 3	Garden Grove - 799
Capitola - 51	Gilroy - 296
Carlsbad - 715	Glendora - 196
Carmel-By-The-Sea - 65	Goleta - 37
Carpinteria - 40	Gonzales - 33
Carson - 490	Grass Valley - 130
Cathedral City - 236	Gridley - 55
Cerritos - 386	Guadalupe - 36
Chino - 271	Half Moon Bay - 54
Chino Hills - 30	Hanford - 214
Citrus Heights - 43	Hawaiian Gardens - 88
Clayton - 26	Hawthorne - 456
Coachella City - 51	Hayward - 1,257
Colma - 57	Hercules - 72
Colton - 69	Hesperia - 81
Colusa - 41	Hidden Hills - 3
Commerce - 277	Highland - 24
Compton - 819	Hillsborough - 194
Concord - 633	Hollister - 86
Corona - 891	Hughson - 20
Coronado - 234	Huntington Beach - 354
Corte Madera - 91	Huntington Park - 335
Costa Mesa - 813	Imperial Beach - 58
Covina - 212	Indian Wells - 59
Crescent City - 61	Indio - 286
Cudahy - 33	Ione - 12
Culver City - 1,089	Irwindale - 125
Cupertino - 231	Jackson - 43
Cypress - 230	King City - 57
Daly City - 698	La Canada Flintridge - 32
Dana Point - 38	La Habra - 338
Davis - 453	La Habra Heights - 16
Del Rey Oaks - 11	La Mesa - 232
Diamond Bar - 46	La Mirada - 130
Dixon - 84	La Palma - 87
Duarte - 77	La Puente - 62
Dublin - 100	La Quinta - 91
El Cajon - 303	Laguna Niguel - 55
El Monte - 461	Laguna Woods - 7
El Segundo - 504	Lake Elsinore - 95
Elk Grove - 35	Lake Forest - 55
Emeryville - 131	Lakewood - 136
Encinitas - 206	Larkspur - 93
Escalon - 35	Lathrop - 81
Etna - 6	Lawndale - 53
Fairfax - 39	

## Health Benefits Program (continued)

### Cities

---

Lemon Grove - 85	Norwalk - 405	Rocklin - 324	Signal Hill - 179
Lemoore - 74	Novato - 180	Rolling Hills - 7	Solana Beach - 33
Lincoln - 179	Oakdale - 72	Rolling Hills Estates - 32	Solvang - 38
Live Oak - 20	Oakland - 6,977	Rosemead - 65	South El Monte - 50
Lodi - 579	Oceanside - 123	Roseville - 1,350	South Gate - 412
Loma Linda - 79	Ojai - 46	Ross - 26	South Pasadena - 258
Lomita - 63	Ontario - 1,225	Salinas - 616	Stanton - 70
Lompoc - 420	Orange - 797	San Anselmo - 80	Suisun City - 70
Loomis - 11	Orinda - 39	San Carlos - 154	Sunnyvale - 1,472
Los Alamitos - 79	Orland - 35	San Clemente - 226	Sutter Creek - 17
Los Altos - 150	Oxnard - 599	San Dimas - 69	Temecula - 112
Los Altos Hills - 25	Pacific Grove - 117	San Fernando - 229	Temple City - 67
Los Banos - 197	Pacifica - 77	San Francisco City &	Thousand Oaks - 565
Los Gatos - 198	Palm Desert - 181	County - 129	Tiburon - 48
Lynwood - 278	Palm Springs - 168	San Gabriel - 186	Torrance - 886
Malibu - 60	Palmdale - 369	San Jacinto - 2	Tustin - 333
Mammoth Lakes - 95	Palo Alto - 1,700	San Juan Capistrano - 120	Twentynine Palms - 34
Manhattan Beach - 295	Paradise - 135	San Leandro - 584	Ukiah - 88
Manteca - 406	Paramount - 144	San Luis Obispo - 322	Union City - 290
Marina - 85	Pasadena - 991	San Marcos - 66	Upland - 185
Martinez - 66	Patterson - 51	San Marino - 139	Vacaville - 734
Maywood - 101	Perris - 103	San Mateo - 903	Vallejo - 965
Menlo Park - 311	Petaluma - 373	San Pablo - 159	Villa Park - 13
Millbrae - 143	Pico Rivera - 239	San Rafael - 664	Weed - 2
Milpitas - 465	Piedmont - 112	Sand City - 7	West Covina - 494
Mission Viejo - 94	Pinole - 156	Santa Ana - 1,302	West Hollywood - 202
Modesto - 181	Pismo Beach - 66	Santa Clara - 1,165	West Sacramento - 83
Montague - 5	Placerville - 99	Santa Clarita - 259	Westlake Village - 14
Monte Sereno - 4	Pomona - 1,018	Santa Cruz - 922	Westminster - 440
Montebello - 610	Port Hueneme - 30	Santa Fe Springs - 377	Williams - 24
Monterey - 427	Portola Valley - 13	Santa Maria - 383	Willows - 37
Moorpark - 66	Rancho Cordova - 12	Santa Monica - 265	Winters - 26
Moreno Valley - 271	Rancho Santa Margarita - 16	Santa Paula - 57	Woodlake - 27
Morgan Hill - 152	Redlands - 567	Santa Rosa - 392	Woodland - 409
Morro Bay - 130	Redwood City - 805	Saratoga - 76	Woodside - 16
Mt. Shasta - 35	Reedley - 128	Sausalito - 91	Yorba Linda - 121
Murrieta - 110	Rialto - 492	Scotts Valley - 83	Yountville - 30
Napa - 95	Richmond - 1,248	Seal Beach - 134	Yreka - 51
Newark - 196	Ridgecrest - 76	Selma - 130	Yuba City - 69
Newport Beach - 694	Rio Vista - 63	Shasta Lake - 52	Yucaipa - 37
Norco - 158	Riverbank - 51	Sierra Madre - 75	Yucca Valley - 54

---

**Total - 302**

## Health Benefits Program (continued)

### Districts & Other Public Agencies

---

Academic Senate for California Community Colleges - 5	Benicia City Housing Authority - 14
Agoura Hills and Calabasas Community Center - 10	Bennett Valley Fire Protection District - 3
Alameda Corridor Transportation Authority - 18	BETA Healthcare Group Risk Management Authority - 61
Alameda County Congestion Management Agency - 8	Big Bear Area Regional Wastewater Agency - 21
Alameda County Fire Department - 368	Big Bear City Airport District - 7
Alameda County Law Library - 18	Big Bear City Community Services District - 91
Alameda County Mosquito Abatement District - 27	Black Gold Cooperative Library System - 13
Alameda County Schools Insurance Group - 4	Blanchard/Santa Paula Public Library District - 11
Alameda County Transportation Authority - 0	Bodega Bay Fire Protection District - 16
Alameda County Transportation Improvement Authority - 20	Bonita-Sunnyside Fire Protection District - 28
Alameda County Waste Management Authority - 39	Boulder Creek Fire Protection District - 2
Alameda County Water District - 337	Branciforte Fire Protection District - 5
Albany Municipal Services Joint Powers Authority - 21	Brannan-Andrus Levee Maintenance District - 2
Alhambra Redevelopment Agency - 4	Buena Park Library District - 28
Aliso Water Management Agency - 0	Burney Cemetery District - 2
Alliance of Schools for Cooperative Insurance Programs - 14	Butte County Air Quality Management District - 13
Alpine Springs County Water District - 4	Butte County In-Home Supportive Services Public Authority - 4
Altadena Library District - 37	Butte County Law Library - 1
Amador Water Agency - 58	Butte County Superior Court - 119
American Canyon Fire District - 18	Calaveras County Superior Court - 21
Anderson Cemetery District - 2	Calaveras County Water District - 90
Anderson Fire Protection District - 12	Calaveras Public Utility District - 4
Antelope Valley Mosquito and Vector Control District - 8	California Administrative Services Authority - 72
Apple Valley Fire Protection District - 65	California Authority of Racing Fairs - 12
Aptos/La Selva Fire Protection Agency - 49	California Bear Credit Union - 51
Arbuckle-College City Fire Protection District - 3	California Dried Plum Board - 6
Arcade Water District - 0	California Fair Services Authority - 43
Arcata Fire Protection District - 26	California Fairs Financing Authority - 43
Area 12 Agency on Aging - 19	California Interscholastic Federation, Central Coast Section - 1
Arrowbear Park County Water District - 7	California Interscholastic Federation, North Coast Section - 5
Arroyo Grande District Cemetery - 4	California Interscholastic Federation, Northern Section - 1
Associated Students, California State University, San Bernardino - 4	California Interscholastic Federation, Sac-Joaquin Section - 3
Association of Bay Area Governments - 75	California Interscholastic Federation, San Diego Section - 8
Association of Monterey Bay Area Governments - 7	California Interscholastic Federation, Southern Section - 22
Atascadero Cemetery District - 6	California Interscholastic Federation, State Office - 16
Auburn Public Cemetery District - 9	California Joint Powers Insurance Authority - 24
Aztec Shops, Ltd., San Diego University - 118	California Joint Powers Risk Management Authority - 4
Baldy Mesa Water District - 21	California Maritime Academy Foundation, Inc. - 0
Banning-Cabazon Cemetery District - 0	California Municipal Utilities Association - 6
Bardsdale Cemetery District - 1	California State and Federal Employees No. 20 Credit Union - 13
Bay Area Air Quality Management District - 456	California State Los Angeles University, Auxiliary Service - 247
Bay Area Library and Information System - 2	California State University, Bakersfield, Foundation - 76
Bay Area Water Supply and Conservation Agency - 7	California State University, Dominguez Hills, Foundation - 81
Beach Cities Health District - 54	California State University, Fresno, Association, Inc. - 184
Bear Mountain Recreation and Park District - 4	California State University, Fresno, Athletic Corporation - 91
Beaumont District Library - 6	California State University, Long Beach, Foundation - 197
Beaumont Public Cemetery District - 0	California State University, Los Angeles, USU Board - 23
Beaumont-Cherry Valley Recreation and Park District - 1	California State University, Stanislaus Auxiliary and Business Services - 55
Beaumont-Cherry Valley Water District - 23	Calleguas Municipal Water District - 84
Bella Vista Water District - 30	Camarillo Health Care District - 19
Belvedere-Tiburon Joint Recreation - 1	Cambria Cemetery District - 1
Belvedere-Tiburon Library Agency - 10	Cambria Community Healthcare District - 6
Ben Lomond Fire Protection District - 2	

# Health Benefits Program (continued)

## Districts & Other Public Agencies

---

Cambria Community Services District - 55	Corning Water District - 5
Cameron Park Community Services District - 14	Costa Mesa Sanitary District - 4
Capistrano Bay Community Services District - 1	Cottonwood Cemetery District - 2
Capitol Area Development Authority - 53	Cottonwood Fire Protection District - 3
Carmel Highlands Fire Protection District of Monterey County - 1	Crescent City Harbor District - 21
Carmel Regional Fire Ambulance Authority - 7	Crestline Lake Arrowhead Water Agency - 16
Carmel Valley Fire Protection District - 15	Crockett-Valona Sanitary District - 1
Carpinteria Public Cemetery District - 1	CSAC Excess Insurance Authority - 32
Castaic Lake Water Agency - 96	Cutler-Orosi Joint Powers Wastewater Authority - 0
Castro Valley County Fire Protection District - 24	Cuyama Valley Recreation District - 0
Castro Valley Sanitary District - 23	Cypress Recreation and Park District - 1
Castroville Water District - 5	Dairy Council of California - 41
Cayucos Sanitary District - 4	Davis Cemetery District - 3
Cayucos-Morro Bay Cemetery District - 3	Deer Springs Fire Protection District - 2
Central Contra Costa Transit Authority - 266	Del Mar Manor Water District - Directors - 1
Central Fire Protection District of Santa Cruz County - 94	Del Norte County Library District - 7
Central Marin Sanitation Agency - 47	Del Norte Healthcare District - 4
Central Plumas Recreation and Park District - 2	Del Paso Manor Water District - 3
Central Sierra Child Support Agency - 35	Del Puerto Water District - 3
Central Valley Fire Protection District - 0	Del Rey Community Services District - 6
Central Valley Regional Center, Inc. - 358	Delta Vector Control District - 20
Channel Islands Beach Community Services District - 7	Denair Community Services District - 4
Chester Fire Protection District - 2	Desert Healthcare District - 19
Chester Public Utility District - 5	Diamond Springs/El Dorado Fire Protection District - 29
Chico Area Recreation and Park District - 30	Dixon Housing Authority - 0
Chino Basin Watermaster - 6	Dominguez Hills, California State University, Associated Students - 6
Chino Valley Independent Fire District - 122	Dominguez Hills, California State University, Associated Students, Child Development Center - 5
Chowchilla Cemetery District - 5	Donald P. and Katherine B. Loker University Student Union, Inc. - 10
Christian Valley Park Community Service District - 0	Dougherty Regional Fire Authority - 5
Clear Creek Community Services District - 10	Dublin San Ramon Services District - 134
Clearlake Oaks County Water District - 0	Dunnigan Water District - 3
Cloverdale Citrus Fair - 0	East Bay Dischargers Authority - 6
Coachella Valley Association of Governments - 15	East Bay Regional Park District - 61
Coachella Valley Public Cemetery District - 9	East Diablo Fire District - 52
Coalinga-Huron Recreation and Park District - 10	East Kern Airport District - 41
Coastal Animal Services Authority - 9	East Palo Alto Sanitary District - 4
Coastal Developmental Services Foundation DBA Westside Regional Center - 213	East Quincy Services District - 5
Coastal Municipal Water District - 0	East Valley Water District - 75
Coastal San Luis Resource Conservation - 0	Eastern Municipal Water District - 610
Colusa County Superior Court - 11	Eastern Plumas Health Care District - 224
Colusa Mosquito Abatement District - 5	Eastern Sierra Community Service District - 6
Community College League of California - 16	Ebbetts Pass Fire Protection District - 25
Compton Creek Mosquito Abatement District - 1	El Camino Irrigation District - 8
Concord, City of - Retirement System - 49	El Dorado County Fire Protection District - 107
Conejo Recreation and Park District - 94	El Dorado County Transportation Commission - 5
Consolidated Area Housing Authority of Sutter County - 31	El Dorado Hills Community Services District - 13
Contra Costa County Law Library - 8	El Dorado Hills County Water District - 57
Contra Costa County Schools Insurance Group - 27	El Dorado Irrigation District - 330
Contra Costa Fire Protection District - 616	Elk Grove Community Services District - 213
Contra Costa Mosquito Vector Control District - 30	Emeryville Redevelopment Agency - 0
Contra Costa Special Education Local Plan Area - 12	Encinitas Fire Protection District - 28
Contra Costa Transportation Authority - 16	

# Health Benefits Program (continued)

## Districts & Other Public Agencies

---

Encinitas Sanitary District - 1	Hesperia Fire Protection District - 7
Esparto Community Services District - 0	Hesperia Recreation and Park District - 29
Estero Municipal Improvement District - 247	Hidden Valley Lake Community Services District - 13
Fair Oaks Cemetery District - 6	Higgins Area Fire Protection District - 16
Fair Oaks Fire District - 0	Hilton Creek Community Services District - 2
Fair Oaks Recreation and Park District - 21	Housing Authority of the City of Eureka - 19
Fairfield-Suisun Sewer District - 21	Housing Authority of the City of Los Angeles - 750
Fall River Mills Community Services District - 4	Housing Authority of the County of Santa Cruz - 76
Fallbrook Healthcare District - 6	Hub Cities Consortium - 36
Feather River Air Quality Management District - 9	Humboldt County Association of Governments - 2
Feather Water District - 3	Humboldt County Superior Court - 89
Felton Fire Protection District - 2	Humboldt No. 1 Fire Protection District of Humboldt County - 18
Fern Valley Water District - 4	Humboldt State College University Center - 66
Florin County Water District - 11	Humboldt Transit Authority - 43
Foothill/Eastern Transportation Corridor Agency - 85	Idyllwild Fire Protection District - 17
Forestville Fire Protection District - 6	Indian Valley Community Services District - 5
Fort Bragg Fire Protection Authority - 4	Indian Valley Health Care District - 72
Fort Ord Reuse Authority - 11	Inland Empire Utilities Agency - 235
Forty-Niner Fire Protection District - 0	Inland Empire West Resource Conservation District - 2
Fresno County Law Library - 7	Intelecom Intelligent Telecommunications - 31
Fresno Irrigation District - 77	Inverness Public Utility District - 7
Fresno-Madera Area Agency on Aging - 47	Ironhouse Sanitary District - 35
Fruitridge Fire Protection District - 4	Irvine Ranch Water District - 330
Fullerton, California State University, Associated Students - 60	Jamestown Sanitary District - 6
Fulton El-Camino Recreation and Park District - 19	Judicial Council - 0
Galt Fire Protection District - 34	Jurupa Community Services District - 85
Galt-Arno Cemetery District - 2	Kanawha Water District - 5
Georgetown Fire Protection District - 15	Kensington Community Services District - 21
Gilsizer County Drainage District - 3	Kensington Fire Protection District - 10
Glen Ellen Fire Protection District - 6	Kentfield Fire Protection District - 23
Glenn County Mosquito and Vector Control District - 2	Kenwood Fire Protection District - 3
Glenn County Superior Court - 18	Kern County Council of Governments - 20
Glenn-Colusa Irrigation District - 0	Kern County Housing Authority - 156
Gold Ridge Fire Protection District - 5	Kern County Law Library - 3
Golden Sierra Job Training Agency - 46	Kern Regional Center - 183
Goleta Cemetery District - 6	Kingsburg Cemetery District - 7
Goleta West Sanitary District - 13	Kirkwood Meadows Public Utility District - 13
Great Basin Unified Air Pollution Control District - 30	Lake Don Pedro Community Services District - 13
Greater Anaheim Special Education Local Plan Area - 20	Lake Hemet Municipal Water District - 64
Greater Los Angeles County Vector Control District - 60	Lake Valley Fire Protection District - 29
Gridley Biggs Cemetery District - 7	Lakeside Fire Protection District - 106
Grossmont Healthcare District - 15	Las Gallinas Valley Sanitary District of Marin County - 28
Grossmont Schools Federal Credit Union - 21	Leucadia Wastewater District - 23
Guerneville Fire Protection District - 0	Levee District No. 1 of Sutter County - 1
Half Moon Bay Fire Protection District - 70	Linda Fire Protection District - 11
Hamilton Branch Fire Protection District - 1	Linden-Peters Rural County Fire Protection District - 15
Hamilton City Community Services District - 3	Littlerock Creek Irrigation District - 6
Harbor Developmental Disabilities Foundation - 221	Live Oak Cemetery District - 2
Hayward, California State University, Auxiliary Foundation, Inc. - 170	Livermore/Amador Valley Transit Authority - 14
Heartland Communications Facility Authority - 5	Local Agency Formation Commission of San Luis Obispo County - 2
Heritage Ranch Community Services District - 9	Local Government Services Authority, A Joint Powers Authority - 14
Hesperia County Water District - 35	Lompoc Cemetery District - 6

# Health Benefits Program (continued)

## Districts & Other Public Agencies

---

Lompoc Healthcare District - 285  
Long Beach State University, Associated Students - 53  
Long Beach State University, Forty-Niner Shops, Inc. - 88  
Los Angeles County Area 'E' Civil Defense and Disaster Board - 1  
Los Angeles County Housing Authority - 0  
Los Angeles County Law Library - 58  
Los Angeles County Sanitation District No. 2 - 2,580  
Los Angeles County West Vector Control District - 39  
Los Angeles Memorial Coliseum Commission - 43  
Los Osos Community Services District - 23  
Lower Tule River Irrigation District - 41  
Lumberjack Enterprises, Inc. - 0  
Madera Cemetery District - 25  
Madera County Economic Development Commission - 0  
Majestic Pines Community Services District - 3  
Mammoth Lakes Fire District - 8  
Management of Emeryville Services Authority - 112  
March Joint Powers Authority - 6  
Marin County Housing Authority - 85  
Marin County Sanitary District No. 1 - 21  
Marin Healthcare District - 1  
Marin Municipal Water District - 404  
Marinwood Community Services District - 34  
Maxwell Public Utility District - 2  
Mayers Memorial Hospital District - 172  
McCloud Community Services District - 15  
Meadow Vista County Water District - 6  
Mendocino Coast Hospital District - 285  
Menlo Park Fire Protection District - 137  
Merced County Housing Authority - 65  
Mesa Consolidated Water District - 67  
Metropolitan Cooperative Library System - 18  
Metropolitan Transportation Commission - 161  
Metropolitan Water District of Southern California - 3,120  
Mid-Carmel Valley Fire Protection District - 13  
Midpeninsula Regional Open Space District - 75  
Midway City Sanitary District - 47  
Midway Heights Water District - 1  
Millville Masonic and Odd Fellows Cemetery District - 1  
Mission Valley Regional Occupation Program - 44  
Mojave Desert Air Quality Management - 26  
Mojave Water Agency - 42  
Monte Vista County Water District - 27  
Montecito Fire Protection District - 81  
Monterey Bay Unified Air Pollution Control District - 31  
Monterey Bay, California State University, Foundation - 117  
Monterey County Law Library - 1  
Monterey County Superior Court - 189  
Monterey County Water Resources Agency - 63  
Monterey Peninsula Airport District - 48  
Monterey Peninsula Regional Park District - 12  
Monterey-Salinas Transit - 216  
Moraga Fire Protection District - 0  
Moraga-Orinda Fire Protection District - 129  
Morongo Basin Transit Authority - 21  
Moss Landing Harbor District - 9  
Mother Lode Job Training Agency - 24  
Mt. Diablo Health Care District - 3  
Mt. San Antonio College Auxiliary Services - 78  
Mt. View Sanitary District of Contra Costa County - 16  
Muir Beach Community Services District - 2  
Murrieta County Water District - 18  
Murrieta Fire Protection District - 42  
Napa County Mosquito Abatement District - 12  
Napa County Superior Court - 51  
Napa Sanitation District - 72  
Nevada Cemetery District - 3  
Nevada County Consolidated Fire District - 31  
Nevada-Sierra Regional IHSS Public Authority - 8  
Newport Beach City Employees Federal Credit Union - 5  
Nipomo Community Services District - 13  
North Bay Regional Center - 169  
North Bay Schools Insurance Authority - 19  
North Coast Railroad Authority - 2  
North Coast Unified Air Quality Management District - 17  
North County Fire Protection District of Monterey County - 50  
North County Fire Protection District of San Diego County - 74  
North County Transit District - 449  
North Delta Water District - 1  
North Los Angeles County Regional Center, Inc. - 370  
North Marin Water District - 83  
North State Cooperative Library System - 10  
North Tahoe Fire Protection District - 0  
North Tahoe Fire Protection District - 53  
Northern California Power Agency - 216  
Northern California Special Districts Insurance Authority - 3  
Northern Salinas Valley Mosquito Abatement District - 9  
Northern Sierra Air Quality Management District - 8  
Northridge Water District - 0  
Northridge, California State University, Associated Students - 39  
Northstar Community Services District - 30  
Novato Fire Protection District - 165  
Novato Sanitary District - 46  
Oak Hill Cemetery District - 3  
Oakland City Housing Authority - 386  
Ojai Valley Sanitary District - 29  
Ophir Hill Fire Protection District - 2  
Orange County Fire Authority - 317  
Orinda Fire Protection District - 0  
Orland Cemetery District - 0  
Oro Loma Sanitary District - 74  
Oroville Cemetery District - 9  
Oroville Mosquito Abatement District - 1  
Oxnard Harbor District - 47  
Pacific Fire Protection District - 15  
Pajaro Valley Fire Protection Agency - 0

# Health Benefits Program (continued)

## Districts & Other Public Agencies

---

Pajaro Valley Public Cemetery District - 6	Regional Water Authority - 8
Palm Drive Health Care District - 147	Rescue Fire Protection District - 8
Palm Ranch Irrigation District - 5	Richardson Bay Sanitary District - 7
Palm Springs Cemetery District - 5	Rincon Del Diablo Municipal Water District - 36
Palo Verde Valley District Library - 2	Rio Linda Elverta Community Water District - 16
Paradise Recreation and Park District - 15	Riverbank City Housing Authority - 2
Paso Robles City Housing Authority - 15	Riverdale Public Utility District - 1
Peardale Chicago Park Fire Protection District - 2	Riverside County Air Pollution Control District - 0
Peninsula Library System - 25	Riverside County Housing Authority - 3
Penn Valley Fire Protection District - 10	Riverside County Superior Court - 2
Penryn Fire Protection District - 1	Riverside County Transportation Commission - 33
Pine Cove Water District - 3	Riverside Transit Agency - 378
Pinedale County Water District - 11	Roseville Public Cemetery District - 10
Pioneer Cemetery District - 5	Ross Valley Fire Service - 53
Pixley Irrigation District - 13	Rubidoux Community Services District - 5
Placer Consolidated Fire Protection District - 25	Ruth Lake Community Services District - 1
Placer County Cemetery District No. 1 - 5	Sacramento Area Council of Governments - 56
Placer County Resource Conservation District - 2	Sacramento City Housing Authority - 452
Placer County Transportation Commission - 5	Sacramento County Fire Protection District - 0
Placer County Water Agency - 217	Sacramento County Public Law Library - 18
Planning and Service Area II Area Agency on Aging - 4	Sacramento Metropolitan Air Quality Management District - 56
Pleasant Valley Recreation and Park District - 40	Sacramento Metropolitan Cable Television Commission - 4
Plumas County Development Commission - 17	Sacramento Metropolitan Fire District - 1,090
Plumas Local Agency Formation Commission - 1	Sacramento Regional Fire/EMS Communications Center - 56
Point Montara Fire Protection District - 1	Sacramento Suburban Water District - 67
Pomona, California State Polytechnic University, Associated Students, Inc. - 45	Sacramento Transportation Authority - 3
Port San Luis Harbor District - 25	Salida Fire Protection District - 11
Princeton-Codora-Glenn Irrigation District - 4	Salinas Rural Fire District - 54
Processing Strawberry Advisory Board - 4	Salinas Valley Solid Waste Authority - 16
Processing Tomato Advisory Board - 5	Salton Community Services District - 31
Provident Irrigation District - 7	Samoa Peninsula Fire Protection District - 4
Public Agency Risk Sharing Authority of California - 6	San Andreas Regional Center, Inc. - 276
Public Entity Risk Management Authority - 4	San Andreas Sanitary District - 5
Quincy Cemetery District - 1	San Benito County Water District - 24
Quincy Community Services District - 5	San Bernardino County Housing Authority - 190
Rainbow Municipal Water District - 5	San Bernardino County Law Library - 10
Ramona Cemetery District - 7	San Bernardino County Transportation Authority - 0
Rancho Cucamonga Fire Protection District - 119	San Bernardino Economic Development Agency - 20
Rancho Murieta Community Services District - 46	San Bernardino, California State University, Foundation - 173
Rancho Simi Recreation and Park District - 94	San Bernardino, California State University, Student Union - 11
Reclamation District No. 70 - 7	San Diego Association of Governments - 174
Reclamation District No. 341 - 3	San Diego County Law Library - 56
Reclamation District No. 800 - 2	San Diego Metropolitan Transit Development Board - 84
Reclamation District No. 833 - 4	San Diego State University, Associated Students - 23
Reclamation District No. 900 - 8	San Diego Trolley, Inc. - 344
Reclamation District No. 1000 - 17	San Dieguito Water District - 26
Reclamation District No. 1001 - 17	San Elijo Joint Powers Authority - 13
Reclamation District No. 1601 - 3	San Francisco Bay Area Rapid Transit District - 4,440
Reclamation District No. 1660 - 1	San Francisco City and County Housing Authority - 283
Redway Community Services District - 4	San Francisco City and County Redevelopment Agency - 226
Regional Council of Rural Counties - 29	San Francisco Community College District Bookstore Auxiliary - 21
Regional Government Services Authority - 1	San Francisco County Transportation Authority - 22
	San Gabriel Valley Mosquito and Vector Control District - 12

# Health Benefits Program (continued)

## Districts & Other Public Agencies

---

San Geronio Pass Water Agency - 4	Sierra Lakes County Water District - 9
San Jacinto Valley Cemetery District - 14	Sierra-Sacramento Valley Emergency Medical Services Agency - 8
San Joaquin County Housing Authority - 169	Siskiyou County Superior Court - 51
San Joaquin County Mosquito and Vector Control District - 48	Smith River Community Services District - 4
San Joaquin Hills Transportation Corridor Agency - 0	Solano County Mosquito Abatement District - 14
San Jose State University, Associated Students - 41	Solano County Superior Court - 203
San Jose State University, Foundation - 377	Solano County Water Agency - 5
San Juan Water District - 58	Solano Transportation Authority - 18
San Lorenzo Valley Water District - 20	Sonoma State Enterprises, Inc. - 2
San Luis Obispo, Cal Poly, Associated Students, Inc. - 81	Sonoma Student Union Corporation - 14
San Luis Obispo, Cal Poly, Foundation - 332	Sonoma Valley Healthcare District - 196
San Luis Obispo Council of Governments - 9	Soquel Creek Water District - 53
San Luis Obispo County Pension Trust - 3	South Bay Regional Public Communications Authority - 59
San Luis Obispo Regional Transit Authority - 9	South Bayside System Authority - 73
San Marcos Fire Protection District - 8	South Coast Area Transit - 118
San Marcos, California State University, Foundation - 57	South County Fire Protection Authority - 84
San Mateo County Resource Conservation District - 1	South East Regional Reclamation Authority - 0
San Mateo County Schools Insurance Group - 6	South Feather Water and Power Agency - 87
San Mateo County Transit District - 882	South Kern Cemetery District - 2
San Miguel Community Services District - 7	South Orange County Wastewater Authority - 70
San Miguel Consolidated Fire Protection District - 169	South Placer Fire District - 52
San Pablo City Housing Authority - 3	South Placer Municipal Utility District - 24
San Ramon Valley Fire Protection District - 256	South San Luis Obispo County Sanitation District - 10
San Simeon Community Services District - 1	Southeast Area Social Services Funding Authority - 18
Sanitary District No. 5 of Marin County - 11	Southern California Association of Governments - 141
Santa Barbara Coastal Vector Control District - 6	Southern California Public Power Authority - 7
Santa Barbara County Association of Governments - 22	Southern California Regional Rail Authority - 225
Santa Barbara County Law Library - 4	Southern Humboldt Community Health Care District - 74
Santa Barbara Regional Health Authority - 98	Southern Inyo Healthcare District - 72
Santa Clara County Health Authority - 120	Southern San Joaquin Municipal Utility District - 28
Santa Clara County Law Library - 2	Spartan Shops, Inc. - 137
Santa Cruz Consolidated Emergency Communications Center - 55	Squaw Valley Public Service District - 20
Santa Cruz County Law Library - 2	Stanislaus County Housing Authority - 129
Santa Cruz County Superior Court - 148	State Water Contractors - 8
Santa Cruz Local Agency Formation Commission - 3	Steger Sanitary District - 11
Santa Cruz Metropolitan Transit District - 474	Stinson Beach County Water District - 11
Santa Fe Irrigation District - 72	Strawberry Recreation District - 6
Santa Maria Public Airport District - 10	Student Assistance Fund En., Business Ind. Dev. - 7
Santa Paula City Housing Authority - 12	Student Union of San Jose State University - 28
Saratoga Fire Protection District - 41	Summit Cemetery District - 15
Sausalito-Marin City Sanitary District - 13	Sunnyslope County Water District - 13
School Personnel Credit Union - 12	Superior Court of California County of San Luis Obispo - 108
Schools Excess Liability Fund - 10	Susanville Consolidated Sanitary District - 11
Scotts Valley Fire Protection District - 37	Sutter Cemetery District - 14
Scotts Valley Water District - 26	Sweetwater Springs Water District - 12
Selma-Kingsburg-Fowler County Sanitation District - 41	Sylvan Cemetery District - 5
Sewer Authority Mid-Coastside - 14	Tahoe City Fire Protection District - 0
Shasta Area Safety Communications Agency - 53	Tahoe City Public Utility District - 51
Shasta Community Services District - 0	Tahoe-Truckee Sanitation Agency - 77
Shasta County Superior Court - 17	Temecula Public Cemetery District - 4
Shasta Dam Area Public Utility District - 0	Templeton Community Services District - 16
Shasta Mosquito and Vector Control District - 18	Thermalito Irrigation District - 12
Shasta Valley Cemetery District - 4	Three Arch Bay Community Services District - 1

# Health Benefits Program (continued)

## Districts & Other Public Agencies

---

Tiburon Fire Protection District - 33	Weaverville Sanitary District - 4
Trabuco Canyon Water District - 33	West Bay Sanitary District - 28
Tracy Rural County Fire Protection District - 3	West Cities Communication Center - 12
Transportation Agency for Monterey County - 14	West Cities Communication Center Joint Powers Authority - 0
Truckee Fire Protection District - 45	West Contra Costa Healthcare District - 11
Tulare County Housing Authority - 54	West County Wastewater District - 66
Tulare Mosquito Abatement District - 6	West Plainfield Fire Protection District - 0
Tuolumne Regional Water District - 0	Western Canal Water District - 10
Tuolumne Utilities District - 93	Western Riverside Council of Governments - 20
Turlock Mosquito Abatement District - 16	Westlands Water District - 157
Twain Harte Community Services District - 11	Wildomar Cemetery District - 3
Twin Cities Police Authority - 66	Willow Creek Community Services District - 3
Ukiah Valley Fire District - 7	Willow Oak Fire District - 0
Union Sanitary District - 190	Willows Cemetery District - 3
United Water Conservation District - 48	Wilton Fire Protection District - 1
University Corporation - 139	Windsor Fire Protection District - 10
Upland City Housing Authority - 25	Winterhaven Water District - 2
Vallejo Sanitation and Flood Control District - 121	Winters Cemetery District - 3
Valley County Water District - 49	Winters Fire Protection District - 6
Valley Mountain Regional Center, Inc. - 279	Woodbridge Rural County Fire Protection District - 30
Valley of the Moon Fire District - 24	Woodlake Fire District - 3
Valley of the Moon Water District - 14	Woodside Fire Protection District - 76
Valley Sanitary District - 16	Yolo County Communications Emergency Services Agency - 39
Valley-Wide Recreation and Park District - 31	Yolo County Housing Authority - 54
Ventura County Law Library - 5	Yolo County In-Home Supportive Services Public Authority - 6
Ventura County Transportation Commission - 21	Yolo County Public Agency Risk Management Insurance Authority - 8
Ventura Port District - 34	Yolo County Superior Courts - 86
Ventura Regional Sanitation District - 66	Yolo County Transit Authority - 0
Veterans Home of California Post Fund - 15	Yolo County Transportation District - 9
Victor Valley Wastewater Reclamation Authority - 29	Yolo-Solano Air Quality Management District - 28
Victor Valley Water District - 82	Yuba County Water Agency - 32
Walton Fire Protection District - 0	Yuba Sutter Transit Authority - 2
Water Facilities Authority - 5	
Weaverville Community Services District - 9	
Weaverville Fire Protection District - 1	
	<b>Total - 696</b>

## School Districts

---

Acalanes Union High School District - 628	Cerritos Community College District - 958
Alameda City Unified School District - 1,003	Charter Learning Center - 7
Albany City Unified School District - 412	Charter Oak Unified School District - 385
Alta-Dutch Flat Union Elementary School District - 20	Chatom Union Elementary School District - 27
Aurora High - 5	Compton Unified School District - 2,162
Berryessa Union Elementary School District - 908	Connecting Waters - 50
Bonita Unified School District - 632	County School Service - Alameda County Schools - 262
Brisbane Elementary School District - 84	County School Service - Contra Costa County Schools - 698
Burbank Unified School District - 589	County School Service - Napa County Schools - 194
Burlingame Elementary School District - 248	County School Service - Sacramento County Schools - 739
Campbell Union Elementary School District - 750	County School Service - San Mateo County Schools - 621
Campbell Union High School District - 807	County School Service - Stanislaus County Schools - 485
Castaic Union Elementary School District - 213	Culver City Unified School District - 751
Centinela Valley Union High School District - 1,034	Davis Joint Unified School District - 645

## Health Benefits Program (continued)

### School Districts

---

Duarte Unified School District - 403	Orinda Union School District - 296
Dublin Unified School District - 271	Pacifica School District - 408
El Camino Community College District - 1,047	Palos Verdes Peninsula Unified School District - 1,295
Empire Union Elementary School District - 401	Paradise Elementary School District - 22
Fairfield-Suisun Unified School District - 1,735	Penryn Elementary School District - 11
Fillmore Unified School District - 408	Pittsburg Unified School District - 957
Fremont Unified School District - 2,309	Pope Valley Union Elementary School District - 5
Fremont Union High School District - 57	Ravenswood City Elementary School District - 524
Garfield Charter School - 69	Redwood City Elementary School District - 1,045
Gavilan Joint Community College District - 269	Reed Union Elementary School District - 160
Hayward Unified School District - 1,786	Rio Hondo Community College District - 704
Hillsborough City School District - 137	Riverbank Unified School District - 302
Holtville Unified School District - 3	Riverside County Schools - County Superintendent of Schools Office - 2,092
Howell Mountain Elementary School District - 13	Ross Elementary School District - 61
John Swett Unified School District - 182	Ross Valley Elementary School District - 218
Knights Ferry Elementary School District - 10	Sacramento City Unified School District - 3,719
Knightsen School District - 33	San Bruno Park Elementary School District - 325
La Grange Elementary School District - 8	San Carlos Elementary School District - 200
Las Lomas Elementary School District - 140	San Mateo County Community College District - 1,518
Las Virgenes Unified School District - 1,022	San Mateo Union High School District - 1,388
Liberty Union High School District - 371	San Mateo-Foster City School District - 1,019
Little Lake City Elementary School District - 449	San Rafael City Elementary School District - 360
Los Altos Elementary School District - 503	San Rafael City High School District - 305
Los Nietos Elementary School District - 224	Santa Monica Community College District - 1,114
Lowell Joint Elementary School District - 292	Santa Monica-Malibu Unified School District - 1,613
Martinez Unified School District - 443	Saugus Union Elementary School District - 635
Menlo Park City Elementary School District - 289	Sequoia Union High School District - 1,235
Mill Valley Elementary School District - 224	South Pasadena Unified School District - 405
Millbrae Elementary School District - 230	South San Francisco Unified School District - 1,183
Monterey Peninsula Unified School District - 1,514	South Whittier School District - 420
Moreland Elementary School District - 407	Temple City Unified School District - 300
Morgan Hill Unified School District - 690	Turlock Joint Elementary School District - 471
Mountain House Elementary School District - 1	Turlock Joint Union High School District - 269
Mt. Diablo Unified School District - 3,615	Union Elementary School District - 389
Mt. Pleasant Elementary School District - 205	Vacaville Unified School District - 665
Mt. San Antonio Community College District - 1,307	Valle Lindo Elementary School District - 106
Napa Community College District - 416	Vallejo City Unified School District - 2,131
Napa Valley Unified School District - 1,571	Waterford Unified School District - 191
Natomas Unified School District - 281	West Contra Costa Unified School District - 4,914
Newark Unified School District - 282	Whittier City Elementary School District - 633
Newman-Crows Landing Unified School District - 205	William S. Hart Union High School District - 1,777
North Monterey County Unified School District - 536	Wisburn Elementary School District - 175
North Orange County Community College District - 2,124	
Ohlone Community College District - 407	
Ophir Elementary School District - 2	
	<hr/> <b>Total - 115</b>

## Deferred Compensation Program

By saving for the future, CalPERS members can face the road to retirement with confidence. CalPERS helps by providing an important tool to meet future needs — the CalPERS 457 Deferred Compensation Program. As of June 30, 2005, this program was adopted by 524 public agencies compared to 489 last year.

During fiscal year 2004-05, membership grew to 19,455, up from 17,332. Assets increased from \$371.3 million to \$442.8 million, as a result of \$158.4 million in contributions and transfers, investment gains of \$21.8 million, and distributions and withdrawals paid to participants of \$108.7 million.

Designed with high standards of quality and service, the CalPERS 457 Deferred Compensation Program is a way to defer a portion of pre-tax salary into investments of an individual's own choosing. It is a deferred compensation program that allows both the amount deferred, and the amount earned on the investment, to be protected from income tax until the money is taken out during retirement. The program complements the retirement benefit plans offered by CalPERS.

State law enacted in 1990 allowed CalPERS to make the deferred compensation program available to all California public agencies. This includes counties, cities, special districts, and school districts. The CalPERS 457 Deferred Compensation Program meets all federal requirements of eligible deferred compensation plans organized under the Internal Revenue Code.

The program offers participants 14 investment options. Eight separate "core" funds have been created specifically for this program, or participants can choose from three lifestyle options that automatically invest their money in a conservative, moderate, or aggressive investment mix of core funds. All of these funds are managed by CalPERS staff and its professional investment managers, according to strict investment objectives and performance standards set by the CalPERS Board of Administration. In addition to the core funds and lifestyle funds, participants are offered three options to invest in federally-insured bank certificates of deposit, an Insured Money Market Account, or through a discount brokerage service that lets them select from more than 3,000 retail mutual funds through a self-managed account.

### Participating Public Agency Summary

Counties	18
Cities	83
Community Services Districts	22
Police & Fire Protection Districts	40
Health Agencies	5
Housing Authorities	9
Insurance Groups	11
Irrigation/Reclamation Districts	8
Libraries	13
School Districts	112
Water Districts	60
Other Districts	88
Other Public Agencies	55
<b>Total</b>	<b>524</b>

The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The assets are held in trust by the Board for the exclusive benefit of participating employees, which adds security.

The program delivers its investments and services at low cost through a simple fee structure. There are no hidden costs or restrictions on investments. Total fees for administration and investment management of the core funds are less than 1 percent, half of what other programs typically charge. By paying less in fees, participants are able to invest more and earn returns building up their account over time.

Deferred compensation programs provide an immediate tax break and the advantage of the full earning power of the investor's money. Because earnings automatically reinvest tax free, the savings potential grows significantly over time. The CalPERS 457 Deferred Compensation Program offers valuable trust protection public agency employees can count on to secure their retirement savings.

The financial statements for this program are in this report as part of the Financial Section and the accompanying notes and schedules.

## Long-Term Care Program

The CalPERS Long-Term Care (LTC) Program provides financial protection to members from the high cost of extended personal care that may be caused by illness, injury, or the frailty of old age. Six out of every 10 people over the age of 65 will need long-term care during their lifetimes. Unfortunately, these types of personal care services are not covered by traditional health insurance or Medicare.

The CalPERS LTC Program is a self-funded, not-for-profit, member-paid program that continues to add members seeking these invaluable personal services coverage. During the fiscal year 2004-05, membership grew to more than 175,000 and annual premiums were more than \$240 million. Additionally, the Program's reserve grew to approximately \$1.5 billion and more than \$63 million in benefits were paid on behalf of members.

Our LTC Program continues to be the largest and most respected long-term care program of its kind in the nation. Entering its tenth year, the CalPERS Long-Term Care Program is devoted to providing the best long-term care coverage with affordable premiums.

The financial statements for this program are in the report as part of the Financial Section and the accompanying notes and spreadsheets.



**California Public Employees' Retirement System**

Lincoln Plaza  
400 Q Street  
P.O. Box 942701  
Sacramento, CA 94229-2701  
(916) 795-3991

Telecommunications Device for the Deaf:

(916) 795-3240  
FAX: (916) 795-3410  
[www.calpers.ca.gov](http://www.calpers.ca.gov)



Printed on 100% recycled paper.